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U.S. Views on the Japanese Economy

by John M. Allison
Ambassador to Japan¹

I consider it a great honor that you have invited me to become your honorary president. This invitation is, I hope, a symbol of the close relationship which has in the past been maintained between the American Embassy and the American business community. I give you my assurance that I shall do my part in seeing to it that the relationship continues.

As you know, an ambassador has a double function; he interprets his country to the country in which he lives and the country in which he lives to his own country. If I am to do a reasonable job in making clear to the Government of Japan the ideals, hopes, and desires of America, I shall need the advice and counsel of you gentlemen of the American Chamber of Commerce with your knowledge of the part American business and industry can play. And then because of the fact that you have contacts with many sectors of Japanese life which I do not often reach, you can advise me of how American policy is understood or not understood by our Japanese friends and what we can do to improve matters. So, for these reasons as well as for the very real pleasure of personal association, I am pleased to accept your invitation and to become officially associated with you.

I am also particularly pleased to be with you today and through your kindness be privileged to meet and speak with so many of your Japanese colleagues. I hope that the cooperation between American and Japanese business interests evidenced by your joining together for lunch is symbolic of a wider cooperation between Japan and America. I believe that if we are to have peace and economic and political stability in this part of the world it must be based upon Japanese-American cooperation, such as is evident here today.

Today I do not intend to speak to you as an economic expert for I am not such. I shall not even attempt to forecast the future course of Japanese-

American economic relations. I shall only speak to you very informally about what we are doing at the present and how we hope what we are doing will result in a better and stronger Japan and hence in better times for all of us.

First, I believe it should be made clear that the U.S. Government and its leaders are keenly aware of the economic problems confronting Japan. Because of the awareness, there is no feeling of facile optimism but rather a true understanding of the great needs which exist and a determination to do all that is possible to meet those needs. As I told the members of the America-Japan Society the other day, President Eisenhower expressed to me during my farewell call his great concern over the economic future of Japan. He understands the problems created by the war and also by the limitations on trade with certain areas as a result of Communist aggression. The President realizes the great concern felt by the people of Japan over the problem of how to create means to defend themselves, so that they will not be dependent upon others, and at the same time not weaken the economic fabric of the nation.

In this connection, I believe it important that you know that President Eisenhower believes strongly that the defensive strength of any nation depends upon three factors: spiritual, economic, and lastly military. If a people do not have a strong belief in their own cause and a will to defend their way of life, and if they do not have a sound economic base, the mere possession of arms will be of no avail. The spiritual element in national strength is something which no foreign aid can give; it must come from the people and their leaders. The actual tools of defense can be received through foreign aid if desired and needed but that is not what I wish to talk about today. Rather, let us consider for a while what is being done to build up the second element in national defense—the economic stability of Japan.

There are many ways in which America has been helping Japan, some direct and some indirect. For, gentlemen, it is American policy to assist

¹ Address made before the American Chamber of Commerce at Tokyo on June 23.

Japan in the attainment of a self-supporting economy. What are we doing to implement this policy? Most conspicuous and important in recent years have been the special dollars which the United States has expended in Japan for goods and services. Such dollar expenditures in procurement for U. N. forces in Korea, the support of American security forces in Japan, and the purchase of yen by those forces for their personal requirements amounted, last year, to more than \$800 million. These dollars performed the valuable service of financing Japan's trade deficit which amounted to \$750 million. But this is not the whole story. These expenditures have filtered through the entire Japanese economy, aiding manufacturers, merchants, labor, and government as well.

"A Built-In Tourist Industry"

Procurement has provided employment for Japanese labor; it has enabled manufacturers to increase their operations, earn profits, and pay taxes to the Government of Japan. It has enhanced the demand for steel, coal, cement, cotton textiles, and leather products. Engineers and mechanics, in addition to factory workers, have received salaries and wages which otherwise could not have been paid, and this purchasing power has stimulated the sale of food, clothing, and shelter throughout the country. Expenditures in support of our security forces in Japan have stimulated the sale, and hence the production, of cameras, cultured pearls, china and lacquer ware, cloisonne, and all of the other objects which are the delight of tourists. In fact the money spent by the American security forces and their dependents in Japan, which amounts to the rather astounding total of United States \$25-30 million a month, constitutes a built-in tourist industry the like of which few countries can boast. In truth, this distribution within the economy of \$800 million has added materially to the national income; it is as though the exports of Japan had been increased by this substantial sum.

I do not claim that these expenditures constitute American aid, but I do assert that they are a very important form of assistance. And as you all recall, we have made clear our belief that the end of fighting in Korea will not bring these expenditures suddenly to an end. Last April the official spokesman of the Department of State said: "The Department believes that total U.S. expenditures in Japan will not be sharply reduced but will remain at a relatively high level for at least the next 2 years."² And more important, he added: "However, if a serious situation were ever to develop in the Japanese economy, the Department is sure that the U.S. officials would want to sit down together

with Japanese representatives to consider ways in which this Government could help."

What else are we Americans doing to aid Japan? You may recall that recently the Export-Import Bank of Washington extended, for a second time, a cotton credit of \$40 million.³ This is another illustration of cooperative action which is mutually advantageous. Japanese manufacturers of cotton textiles, currently faced with grave problems in their export markets, can obtain cotton at lower rates of interest than would otherwise be possible, thus reducing their costs and improving their competitive position. American producers of cotton, on the other hand, are enabled to sell larger quantities than might otherwise be possible.

You all know that the International Bank for Reconstruction and Development is giving favorable consideration to a loan of \$40 million for the development of thermal electric power in Japan. This project is soundly conceived and engineered, and will add 300,000 kilowatt hours to the productive capacity of this nation. Moreover, arrangements have been made so that equally efficient units may ultimately be produced in Japan, providing added strength to the economy and improving the export position of the electrical equipment industry. Because the reports were prepared before I arrived, and therefore none of the credit belongs to me, I can say that much of the credit for encouraging the extension of this loan should go to the officers in our Embassy here who have helped to convince Washington of the good such a loan could do.

Mutual Benefits of Private Investment

There is another field with great potentialities in which Americans can render service. I refer to private investment and technical assistance. As you members of the American Chamber of Commerce know, foreign investments helped build our country. In the colonial period and the early days of the Federal Government, capital from Europe built toll roads, canals, and railroads, and established factories. The transportation facilities opened the fertile territory of the West, and the factories added to the wealth of the Nation. The investors received dividends from their profitable ventures, and the country profited by the enhanced availability of resources and increased production, exports, employment, and tax revenue.

Although America was a young and relatively weak country when it accepted those loans from the then more advanced nations of Europe, they did not result in America's becoming a tool of Europe but, rather, gave America the start without which we could not have become the nation we are today. Japan can experience similar benefits, if it will. In this competitive day and age, it is essential to employ the latest and most efficient

² BULLETIN of Apr. 27, 1953, p. 611.

³ *Ibid.*, May 11, 1953, p. 681.

methods of production in order that manufacturers may be able to sell their products in world markets.

In this connection, may I sound a note of caution? Since my arrival I have noted a tendency to emphasize loans as the type of foreign capital most desired in Japan. I urge you not to overlook the possibility of attracting equity capital, because of the advantages which are certain to be derived from it. If modern machinery, modern techniques, and efficient methods are really desired, equity capital is perhaps the best and surest way to obtain them.

I was pleased to learn that private American investments in Japan totaled approximately \$75 million in 1952, and that, as of last December 31, Japanese companies had 164 technological assistance contracts with American companies. There are opportunities for further development of this type of cooperative endeavor which I am confident will bear rich fruit for both private enterprise and our two countries.

In this matter of private investment, the contribution which American banks have made to the economy of Japan should not be overlooked. Not only have they helped to finance trade between our two countries—Japanese trade as well as American—but also they have financed Japanese trade with third countries and assisted Japanese banks by participating directly with them in carrying their heavy financial burden. These institutions have rendered a valuable service in supporting the financial structure of the country and promoting its economic well-being.

Since my arrival I have been disturbed to note that in the field of foreign trade, exports have been declining and imports increasing; in fact, the import balance for the first 5 months of 1953 amounts to \$478 million. This sum is only a little less than the import balance incurred in the first 8 months of 1952. On an annual basis, the trade deficit in 1953 could reach the very large figure of \$1,150 million. This sum would certainly be in excess of the anticipated receipts of special dollars, resulting in a reduction in foreign-exchange reserves of approximately \$350 million. This is a situation which obviously deserves the most thoughtful attention of all of us.

The Trade Deficit Problem

This trend toward a rising deficit in Japan's balance of payments has been evident for some time, although it was not until my arrival here that it became so marked. What are the causes, what are the remedies? I will not presume to tell you gentlemen what you probably know far better than I, but it may perhaps be of some value to pass on to you comments which I have heard from American bankers and others who have visited Japan in recent months and who have been concerned with what they saw.

These observers, I should say in the beginning, have all come away from Japan with the highest regard for the industriousness and skill of the Japanese people. They have been impressed by the financial integrity of the Japanese and the manner in which they have met their prewar financial obligations. But they have also been disturbed by certain things. They have noted that the shift in Japan's foreign trade from primary dependence upon light industry to heavy industry, which had begun before the war, has been continuing apace since the war. And they have seen that it is in this very field of heavy industry that Japan finds itself at a competitive disadvantage in world markets because of its high prices. These high prices have been attributed to lack of modern techniques in industry; to the fact that many Japanese industrialists do not employ modern systems of cost accounting, so they often do not know just what each unit does or should cost; to lack of quality control with the resulting large percentage of rejects; and to the lack of adequate market surveys.

I have heard it said that if industrial efficiency were increased, unemployment would be created which Japan could ill afford. But I venture to suggest that if costs could be reduced, increased sales, both abroad and at home, would sustain employment and perhaps even increase it. You will notice that I have not suggested a reduction in wage levels as a method of reducing costs. I have not done so because we in the United States have found that by increasing the efficiency and productivity of labor it is possible to pay high wages, maintain purchasing power, and yet obtain a low labor cost for each unit produced.

It is possible, of course, for a government to strengthen the economy of a country by encouraging essential development, such as the expansion of facilities for the generation of power and the modernization of industrial plants. This can be done in many ways. I need only mention, for example, such incentives as a stabilized price level through sound fiscal policies, the modification of taxation, and the availability of credit at moderate rates of interest. If capital is scarce, it is sometimes necessary to direct its utilization so that basic requirements of the economy will receive the attention they merit. And if imports are exceeding a country's capacity to buy, it has sometimes been found necessary, regrettable as that may be, to restrict the acquisition from abroad of luxuries and nonessentials until conditions have improved. There is nothing new in these suggestions; they are merely cited as illustrations of restraints which some countries have found essential in periods of readjustment.

Although it is sometimes necessary to adopt a negative or restrictive approach, it is also possible to take a positive attitude in seeking a solution to the problems which confront us, and the two are not necessarily mutually exclusive. I have in

mind the attraction of foreign capital to assist in the rehabilitation and development of the economy. It may interest you to know that U.S. citizens have invested \$8 billion in Canada, one-half of which has provided equity capital for Canadian firms. This money has helped develop the natural resources of that country and has contributed substantially to the construction of its manufacturing plant. It has provided employment for Canadian citizens and paid tax revenues to the Government of Canada. These foreign funds are welcome in Canada because of the contribution they have made to its economy.

Private American capital could also make a contribution to the economy of Japan. But if it is desired, it must be offered substantial inducements before it is willing to leave America. There are sound opportunities at home. If it is thwarted by regulations, if there are restrictions upon the remittance of profits, if there is discrimination in relation to domestic capital, foreign capital prefers to remain at home. It will only go where it is made welcome, where the climate is hospitable.

Need for Mutual Trust

It is important to stress, I believe, that this favorable climate is not dependent only upon regulations and laws. It is also dependent upon an atmosphere of mutual trust and regard. There cannot be the close cooperation necessary if one partner believes the other is trying to take advantage of him or is discriminating against him. This atmosphere of mutual trust can only be built by a mutual exchange of ideas and information, by a realization by each of what the other is doing. And that is why I have tried to tell you something this afternoon of what America is doing to help Japan and how perhaps we could do more.

We have recently signed with Japan a treaty of friendship, commerce, and navigation⁴ which we hope will further extend the field of economic cooperation between our two countries. When this treaty is ratified and goes into effect it will guarantee that each nation will extend to the other unconditional most-favored-nation treatment. This means, for example, that under the treaty, Japan will have the advantage in the markets of the United States of reduced duties under the General Agreement on Tariffs and Trade (GATT) although Japan is not yet a member of GATT. I wonder if you realize how important this guarantee really is. In 1951, for example, 75 percent of Japan's dutiable trade entered the United

⁴ Signed at Tokyo on Apr. 2; for announcement of the signing, see *ibid.*, Apr. 13, 1953, p. 531.

States under rates which had been reduced under the authority of the Reciprocal Trade Agreements Act. Therefore, although Japan is not yet a member of GATT and does not yet have a trade agreement with the United States, a very substantial part of its exports to my country is now accorded the privilege of entering at rates reduced in agreements with other countries, and this privilege will be guaranteed under the treaty of friendship, commerce, and navigation. You might also be interested to know that in 1951 approximately 25 percent of Japan's total exports to the United States were admitted free of duty, and 56 percent came in at rates which had been reduced since 1945. Therefore, more than 80 percent of Japan's trade in that year entered the United States either free of duty or at reduced rates.

There is not time to go into other benefits which accrue to Japan under this treaty but it is only another example of our desire to help. This policy of the United States of helping Japan to create a stable economic foundation is not based on charity or merely because we like your ready smile—which we do—but on the very real belief that it is in the true long-term interest of the United States to have strong, independent, and enlightened states in Asia which can and will work with us in building peace in this part of the world. That is why we are helping the other free nations of Asia also and why we shall continue to do so.

But the most important thing of all is what the Japanese can and will do for themselves. American aid can help but it can only be successful if the Japanese can and do help themselves. And that is why I am optimistic about the future, because I am optimistic about the Japanese and about their ability to help themselves. May I conclude with words I used almost 2 years ago in New York, but which I believe are still appropriate:

"It is from the past history of Japan that we can draw encouragement regarding the future. We should remember that when Commodore Perry first visited Japan in 1853, he found a nation of approximately 30 million people living in a stage of economic development no more advanced than that of 15th century Europe, and then less than 100 years later, by 1940, Japan had transformed itself into a front-rank industrial and military power supporting a population of 73 million people with a standard of living above anything known by their ancestors. While the condition of the world today is certainly different and not as favorable to the future growth of Japan as was that prevailing in the previous 100 years, nevertheless, I believe we can have confidence that given a fair chance, the Japanese people can and will make their nation into a prosperous, peaceful, and cooperative member of the free world."

Economic Interdependence in Today's World

by Harold E. Stassen
Director for Mutual Security¹

In the conduct of President Eisenhower's mutual security program, with its objective of a just peace and of economic progress for the peoples of the world, we have very much in mind two words—freedom and security. We are aware that the very nature of man is such that he ever wishes to have personal freedom and reasonable security for himself and for his loved ones. We know full well that both freedom and security require economic health, military strength, and social justice.

Thus, we have a very special interest in what happens to the enterprise and to the workers of the nations of the world. Thousands of those workers on the streets of East Berlin on June 17 made a dramatic impact on the thinking of the world. One of them took action which will ever be remembered. As the Red army tanks rumbled down the streets of his home city with machineguns rattling to disperse the protesting workers, he ran out to meet the steel monster and with his bare hands picked up a fallen timber, jammed it into the treads of the vehicle and ran the tank off its tracks. That unknown Berlin worker tore a hole in the Iron Curtain that will never be repaired.

There can be no doubt that a long and difficult course lies ahead before freedom and security can be restored throughout Eastern Europe and peace can be assured around the world. But it is clear that the determination and the courage exists on the part of the workers now within the Iron Curtain to win that freedom, to gain that security.

I am confident that the courage and determination is also present in the peoples of the free nations to follow through in the difficult, and complex, and long steps that will be needed to win a victory for freedom and security without the tragedy of a third world war.

In our discussion this afternoon, let us concentrate especially upon the economic phase of this worldwide issue. The future economic health of the free nations of the world is the essential foundation for progress in better living for the free peoples, and it is also the indispensable base for effective military strength to attain security and shield freedom itself.

The economic success of the free nations of the world is closely interlinked. The best course to the improvement and the maintenance of good standards of living in any nation is a course that

facilitates economic progress by all free nations.

This broad principle, frequently confirmed in the past half century, is nevertheless difficult to implement. There is an understandable extreme nationalism in the approach to economic questions in every country. The hope of the future rests with the alert understanding of young men such as those assembled in this convention from many nations.

One of the problems before us, as you realize, is the establishment of a sound and durable economic relationship between the United States and the rest of the world. Our system of individual economic freedom, our natural resources, our protection from the ravages of recent wars, the industriousness of our people have combined to establish a very high level of production and strong creditor nation position.

Currently our exports amount to approximately \$15 billion per year. Our imports are approximately \$10 billion per year. A temporary balance has been established the past year with \$5 billion of grants and loans. These grants and loans have been an extremely important and desirable program under the circumstances. But everyone agrees that this is not a sound basis for a long-term relationship for either the giver or recipient.

In its place there must be developed a sound economic relationship between the United States and the other nations. It will take time. It will not be easy. But it must be done and it can be done.

This is of special interest to young men of commerce of all nations. They not only can help this needed development take place but they will also find many opportunities connected with such a development.

Here are some of the factors required in such a development:

1. A major increase in U.S. private capital investment abroad. This is most likely to take place if the laws of our own and other countries are amended to give direct encouragement to this investment. It will also be facilitated if other countries stimulate the expression of their own private capital and if these individual businessmen present joint proposals for U.S. capital participation.

2. Some increase in U.S. imports, especially raw materials and other items which best complement and fit in with our domestic economy. This entire subject will be studied by a special commission to be established by this session of our Congress.

3. Expanded U.S. travel and tourism overseas. This is now a major item for balancing accounts and it can be a much larger factor in the future.

4. U.S. purchase overseas of arms and equipment needed by our joint defense forces in NATO and in other parts of the world.

5. Increased wages in other industrial countries which will expand consumer markets, stimulate

¹ Address made before the Junior Chamber International at San Francisco, Calif., on June 21; released to the press by the Office of the Director for Mutual Security.

production, and facilitate an upward climb of living standards.

6. Better credit availability in other nations for small and new independent industries and enterprises to facilitate their establishment and their growth.

This is only a partial list, but each of these six points is very important.

I am optimistic that steady progress can be made in evolving a sound economic relationship which will contribute to a steady advance in the living conditions of the free peoples of the world.

Such an advance may well prove to be an irresistible attraction which, added to the inherent love of freedom, will ultimately release the grip of ruthless totalitarian rulers over vast millions of the peoples behind the Iron Curtain.

This is a course which holds promise of peace. It is a humanitarian course. It needs the vigor and vitality, the ingenuity and intelligence, which the members of Junior Chamber International, and the young men of your generation, can give to it.

Meanwhile, let us ever be alert and strong, ready to defend freedom with our lives if need be. Only thus can there be security. Only thus can the prospects of peace be bright.

The Unquenchable Spirit of the Captive Peoples

Press Conference Statement by Secretary Dulles

Press release 344 dated June 30

I have long believed and preached that the Soviet was overextended, having under its control some 600 million non-Russians representing what had been 15 or more independent nations. I have been confident that these people could not be moulded into the Soviet Communist pattern, particularly if the free peoples kept alive the hope of the captives and showed them that they were not forgotten.

There has now developed extensive unrest within the satellite countries of Europe. It demonstrates that the people do retain their love of God and love of country and their sense of personal dignity. They want to run their own affairs and not be run from Moscow.

The unquenchable spirit of the peoples was dramatized in East Berlin, where unarmed youths tore up paving stones from the streets to hurl in defiance at tanks. Such a spirit can never be repressed, and this love of freedom is more and more manifesting itself through the captive peoples.

The cry everywhere is for "free elections." The people want to be governed by those whom they select as responsive to their needs and their desires, rather than to be ruled by those who take

their orders from aliens and who give their orders with a view to achieving their own ambitions without regard to the welfare of the people concerned.

In my book *War or Peace*, written over 3 years ago, I said: "The Communist structure is overextended, over-rigid and ill-founded. It could be shaken if the difficulties that were latent were activated." I went on to point out that this does not mean an armed revolt which would precipitate a massacre, but that short of this the people could demonstrate an independence such that the Soviet Communist leaders would come to recognize the futility of trying to hold captive so many peoples who, by their faith and their patriotism, can never really be consolidated into a Soviet Communist world.

The developments of recent weeks show the correctness of that diagnosis.

Current Legislation on Foreign Policy

Taxation Convention With Australia. Message From the President of the United States Transmitting the Convention Between the United States of America and the Commonwealth of Australia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income, Signed at Washington on May 14, 1953. S. Exec. I, 83d Cong., 1st Sess. 14 pp.

Establishing the Office of Commissioner of Refugees. Report (To accompany S. 1766). S. Rept. 374, 83d Cong., 1st Sess. 4 pp.

Mutual Security Act of 1953. Report of the Committee on Foreign Affairs on H. R. 5710 A Bill To Amend Further the Mutual Security Act of 1951, As Amended, and For Other Purposes. H. Rept. 569, 83d Cong., 1st Sess. 74 pp.; Minority Views To Accompany H. R. 5710 A Bill To Amend Further the Mutual Security Act of 1951, As Amended, and For Other Purposes. H. Rept. 569, Part 2, 83d Cong., 1st Sess. 9 pp.

The Mutual Security Program For Fiscal Year 1954. Basic Data Supplied by the Executive Branch. June 5, 1953. Revised Committee Print. 83d Cong., 1st Sess. 113 pp.

Constitutional Amendment Relative to Treaties and Executive Agreements. Report together with Minority Views (To accompany S. J. Res. 1). S. Rept. 412, 83d Cong., 1st Sess. 63 pp.

Defense Production Act Amendments of 1953. Conference Report (To accompany S. 1081). H. Rept. 571, 83d Cong., 1st Sess. 14 pp.; Hearing Before the Committee on Banking and Currency, House of Representatives, Eighty-Third Congress, First Session on S. 1081 An Act To Provide Authority for Temporary Economic Controls, and for Other Purposes. May 21, 22, 25, 26, 27, 28, June 1 and 2, 1953. 374 pp.

Wheat for Pakistan. Report (To accompany S. 2112). S. Rept. 404, 83d Cong., 1st Sess. 3 pp.; Report (To accompany H. R. 5659). H. Rept. 570, 83d Cong., 1st Sess. 4 pp.; Message From the President of the United States Transmitting Recommendation for Grant of Wheat to Pakistan. H. Doc. 171, 83d Cong., 1st Sess. 3 pp.

Extending the Authority for the Investigation With Respect to the Effectiveness of Foreign Information Programs. Report (To accompany S. Res. 117). S. Rept. 372, 83d Cong., 1st Sess. 2 pp.

Investigation of the Effectiveness of Foreign Information Programs. Report (To accompany S. Res. 117). S. Rept. 392, 83d Cong., 1st Sess. 2 pp.

Aviation Policy and International Relations

by *Henry T. Snowden*

The United States is this year celebrating the 50th anniversary of powered flight. On December 17, 1903, at Kitty Hawk, N. C., the Wright brothers made the first powered flight, which lasted 12 seconds and covered only 120 feet. From this modest beginning aviation has developed and expanded until it has become an integral segment of modern civilization and an essential component of international relations. As the Government agency directly responsible for the conduct of the foreign affairs of the United States, the Department of State has been active in the growth of international aviation and continues to participate in U.S. efforts for the unhampered but orderly development of worldwide civil aviation. These efforts entail a broad range of activities which the layman may not associate with foreign relations but which do have a direct bearing upon U.S. interests abroad.

The U.S. Government early recognized the importance of aviation. World War I gave great impetus to its development, and the techniques learned in wartime were adapted to peacetime uses. The "barnstormers" of the 1920's proved also that civil aviation could be made commercially profitable. It was probably they more than any other force that brought aviation into the public eye, and largely because of them the significance of this new transportation medium received early Government cognizance.

The first Federal legislation on the general subject of aviation was the Air Commerce Act of 1926, designed to develop an orderly and rational relation between the Government and the operators of aircraft. The act established in the U.S. Department of Commerce a Bureau of Air Navigation responsible for the advancement of civil aviation, and, in addition to other promotional activities, the Government for the first time took responsibility for erecting and maintaining airways and aids to air navigation. However, it was not until 1928 that the first international air route was established for the transportation of U.S. mail—a 90-mile route from Key West, Fla., to

Habana, Cuba. This route not only heralded the entry of the United States into the international air market but marked the beginning of what in a mere 25 years has culminated in today's vast worldwide network of U.S. international airline operations.

The U.S. Government did not take an active part in the negotiations for permissions for the early international civil air operations conducted by U.S. carriers. These operations expanded in Latin America and across the Canadian border during the 1930's, and late in that decade also reached across the Atlantic and Pacific Oceans. The rights for U.S. air carriers to operate on international routes were negotiated during this period almost completely by private enterprise. Since in each case only one U.S. carrier was operating on the route and since few foreign airlines had as yet aspired to compete in international services, few complications arose that required the attention of the Department of State. Nevertheless, the Department did cooperate in requesting Embassies at various points to give such assistance to the U.S. carriers as could appropriately be made available. By 1935 British carriers wished to operate in the United States under reciprocal arrangements which would permit a U.S. carrier to operate in U.K. territory. Intergovernmental negotiations to this end resulted in the issuance of permits to the U.S. and British carriers by the governments of the territories to be entered. By the beginning of World War II, the initial bilateral air transport agreements had been concluded with Canada and with France. The United States had also concluded with several other countries agreements relating to the general principles to be followed in navigation of foreign aircraft.

New Legislation Needed

The rapid expansion and increased complexity of domestic airline operations made new aviation legislation imperative and resulted in the passage

of the Civil Aeronautics Act of 1938. The authors of this legislation had the foresight to lay down policies for international as well as domestic flying, although no serious problems had yet arisen in the international field. The Civil Aeronautics Act of 1938, together with amendments and the few remaining effective sections of the Air Commerce Act of 1926, constitutes the legislation under which all U.S. aircraft operate today and under which foreign aircraft are granted access to U.S. territory. This act, much broader than the Air Commerce Act of 1926, had as its purpose *inter alia* "the encouragement and development of an air transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense." In section 802 of the act, the Congress recognized the responsibilities of the Secretary of State in connection with the negotiation and conclusion of international agreements, directing that the Secretary should advise the "Authority" of, and consult with the "Authority" concerning, the negotiation of such agreements.

The program of negotiating air navigation agreements, which had already been begun by the Department, was found to be consistent with the requirements of the new Civil Aeronautics Act and was continued. The growing importance of the international operations of U.S. air carriers in the Western Hemisphere, and their expansion across the Atlantic and Pacific Oceans, was becoming more of a factor in the international relations of the United States. The time had come to adopt a national policy with regard to the expansion of such services and to conduct through diplomatic channels the negotiations necessary for these services. Moreover, expanding aviation enterprises in other countries were making it necessary for this Government to permit the airlines of such other countries to enter the United States in return for corresponding privileges for U.S. airlines operating abroad.

However, uniform aviation policy was not feasible under the Department's organizational structure of that time. There was no focal point or central clearinghouse to process questions arising in the various geographic areas or to assess proposed legislation. To meet these needs in the field of aviation as well as in the other fields of transportation and communications, the Department in August 1938 established the Division of International Communications, one section of which was to deal with aviation. Secretary Stimson in his announcement of August 19, 1938, concerning the establishment of this division,¹ explained that

The international aspects of problems connected with telecommunications, aviation, and shipping have developed in importance at an extraordinary rate during recent

years, and it has become increasingly apparent for some time that the system heretofore followed of handling these problems in the political and other policy-making divisions of the Department was no longer adequate.

The purpose of the aviation section of the new division was to give consistency to overall U.S. international aviation policy and to establish principles that might be given worldwide application. This section, the forerunner of the present Aviation Policy Staff, was immediately confronted not only with coordination of aviation matters in the Department and with the negotiation of agreements concerning various aspects of international operation of aircraft, but also with a problem of major political proportions. German aviation interests had deeply penetrated Latin America, and with the war clouds hovering, the security of the Western Hemisphere was at stake. Prompt action was required to assist in the denazification of the airlines operating under the guise of national flag carriers of various countries in the Western Hemisphere. This task was successfully accomplished, and in the process the interests and responsibilities of the United States in the security and policy aspects of international aviation became firmly established.

A by-product of this process was the basic formula for what is now known as the U.S. Technical Assistance Program in aviation.

The technical know-how, the specialized equipment, and in many cases the financial assistance of the United States were made available to foreign governments for the national development of their air facilities and services. This cooperation not only advanced national aviation in Latin America but through greatly improved international air communications provided the opportunity for closer economic and political integration within the Western Hemisphere.

Functions of Aviation Policy Staff

Successive reorganizations of the transportation and communications responsibilities in the Department have been effected to meet changing conditions and requirements. In January 1944 the Office of Transport and Communications was established, with broader responsibilities than those of the former Division of International Communications. By June 1, 1946, the involved and diverse problems in these fields had so multiplied that the Department created the post of Assistant Secretary with primary responsibility for transportation and communications matters. Subsequent adjustments were made in 1948. At present, the Aviation Policy Staff within the Office of Transport and Communications Policy is a functional staff of the Department responsible for overall policy-making activities, including representation on interdepartmental committees concerned with aviation and other relationships with interested Government agencies. This staff is also

¹ Press Releases, vol. xix : No. 464, Aug. 20, 1938, p. 127.

responsible for the conduct of all multilateral negotiations, including relationships with international organizations, and takes the lead or assists in bilateral aviation negotiations when necessary. The staff also serves as a focal point for all aviation policy matters in the Department.

Planning for the Postwar Era

The advent of World War II halted the expansion of international civil aviation except as a supplement to military aviation, but it accelerated phenomenally the development of aviation techniques. With the airplane no longer closely bound by geographic or topographic factors, the Department had to be prepared for a postwar era in which civil aviation operations would be able to cover the globe. Instead of gradual expansion and development, the Government must be ready to face practically a *fait accompli*. In anticipation of this situation, the Department of State and the Civil Aeronautics Board issued a joint statement on October 15, 1943,² serving notice that hereafter U.S. air operators would be permitted to operate only under direct authority from the Government. No longer would the airlines obtain their own foreign operating rights, and the entire postwar route structure would be reviewed in the light of national interest. Military interest in civil aviation was being proved by wartime experience, and the interrelationship of the two gave new significance to postwar civil operations.

In 1943 the Civil Aeronautics Board also issued a detailed study of postwar international traffic potentials and announced that all airlines interested in conducting international air services in the postwar period should file appropriate applications with the Board. The response was enthusiastic. The larger U.S. domestic airlines were gaining experience in international aviation through military contract operations, and the new horizons of international operations attracted them. The Civil Aeronautics Board sifted the evidence, studied the requirements, and finally was prepared to make recommendations to the President. The Department participated in much of the detailed early work and advised the President on the foreign-policy implications of the recommendations of the Civil Aeronautics Board.

The entire concept of U.S. civil air operations abroad had to be explored and evaluated. Should there be a single international flag carrier, commonly referred to as a "chosen instrument," or, at the other extreme, should point-to-point competition be generally permitted between rival U.S. carriers on their certificated routes? In March 1945 the first major route decision was issued, covering postwar services across the North Atlantic to Europe, North Africa, and the Middle

East, and this offered a workable compromise between the concepts of monopoly and of excessive competition. "Area competition," in which duplicating routes were to be avoided but equitable access on a competitive basis to traffic generating areas was to be provided, was adopted as a U.S. policy in this decision, and the number of U.S. airlines certificated to cross the Atlantic was increased from one to three. This same policy was subsequently applied to route decisions in other areas of the world.

During the planning for postwar civil aviation, the need for multilateral coordination became obvious. There had to be common ground on which all the allied and neutral nations could base their respective planning. Therefore, on November 1, 1944, the International Civil Aviation Conference was convened at Chicago at the invitation of the U.S. Government.³ Assistant Secretary of State Adolf A. Berle, Jr., was elected president.

This Chicago conference took into account prior developments in the field of international aviation. The International Convention Relating to the Regulation of Aerial Navigation, signed at Paris on October 13, 1919, contained basic principles regarding the international navigation of aircraft. Many of these principles had been applied by the United States in its negotiation of bilateral air navigation agreements. Many were also incorporated in the Habana Convention on Commercial Aviation, signed February 20, 1928, to which the United States was a party.

The concepts which had thus been established prior to World War II and the experience that had been gained between 1919 and 1940 were carefully evaluated and studied at the Chicago conference. Some of the earlier concepts which were retained included the doctrine of sovereignty of each state over the air space above its territory, the principle that the laws and regulations of each contracting state should be applied without discrimination to the navigation of foreign aircraft over its territory, and the provision to the effect that air transport services could not be established without the prior permission of the state whose territory might be entered.

Results of Chicago Meeting

The conference laid the groundwork for most of the basic principles which still apply to international civil aviation. The most important document to come out of the conference was the Convention on International Civil Aviation,⁴

² For text of the invitation to the Conference, see *ibid.*, Sept. 17, 1944, p. 298.

³ For an article comparing the Chicago convention with those signed at Paris and Habana, see *ibid.*, Mar. 11, 1945, p. 411; for a report by Acting Secretary Grew on the Chicago convention, see *ibid.*, Mar. 18, 1945, p. 436.

⁴ BULLETIN of Oct. 16, 1943, p. 265.

which set forth general principles to govern world aviation and provided for the establishment of the International Civil Aviation Organization (ICAO), now a specialized agency of the United Nations with 59 member states. The United States strongly supports the Chicago convention and ICAO in the belief that the multilateral approach with discrimination toward none is the real solution to many of the world's problems, including those of aviation.

U.S. objectives abroad, if they were to be attained, required international negotiation. At the Chicago conference general agreement could not be reached on principles to govern air transport operations. An international air transport agreement—commonly referred to as the "Five Freedoms" Agreement⁶—which reflected some aspects of the U.S. position was adopted as an ancillary document. The U.S. preference for relatively complete freedom of operation met resistance from states which insisted upon close governmental regulation of capacity offered, frequency of service, and rates charged.

Bilateral Agreements

After the conference a major program for the negotiation of a series of bilateral air transport agreements to meet U.S. requirements was undertaken by the Department of State. Forty-six of these agreements have so far been concluded and more are now under negotiation.⁷ In general the United States has been able through these agreements to sustain its basic principles for international civil aviation. An agreement reached in Bermuda in 1946 between the United States and the United Kingdom on air transport operations to and through their respective territories⁸ effected a workable compromise between the views of the two governments. The principles of the Bermuda agreement later formed the basis for subsequent U.S.-U.K. air transport agreements.

The restrictionist doctrine, nevertheless, still ex-

⁶ Article 1, section 1 of the International Air Transport Agreement reads as follows:

"Each contracting State grants to the other contracting States the following freedoms of the air in respect of scheduled international air services:

"(1) The privilege to fly across its territory without landing;

"(2) The privilege to land for non-traffic purposes;

"(3) The privilege to put down passengers, mail and cargo taken on in the territory of the State whose nationality the aircraft possesses;

"(4) The privilege to take on passengers, mail and cargo destined for the territory of the State whose nationality the aircraft possesses;

"(5) The privilege to take on passengers, mail and cargo destined for the territory of any other contracting State and the privilege to put down passengers, mail and cargo coming from any such territory."

⁷ For text of the most recent of these agreements, concluded with Cuba on May 26, 1953, see BULLETIN of June 15, 1953, p. 839.

⁸ *Ibid.*, Feb. 24, 1946, p. 302.

ists elsewhere, and the Department must constantly defend U.S. principles. Informal discussions on existing agreements, formal consultation as provided for in most of the agreements, and even renegotiation of some of the agreements are the responsibility of the officers of the Department concerned with air transport matters. Interpretations of the agreements and clarification of disputed points are frequently sought. In all this the basic foreign policy of the United States must be reflected and U.S. aviation policy must be crystallized.

The Department also makes arrangements for international operations by U.S. nonscheduled air carriers. These carriers, although they do not have route certificates issued by the Civil Aeronautics Board, operate throughout the world, frequently under military contract, and serve as a valuable supplement to the scheduled operators.

Postwar Need for Air Navigation Aids

Since the war, the vital question of the availability of air navigation aids, air communications, and meteorological information has arisen. The wartime development of long-range air transports, the postwar expansion of the civil air network, and the greatly increased air activity have brought with them technical requirements not previously even contemplated by the civil governments. During the war years, the U.S. military forces had installed many facilities throughout the world and had developed equipment that could well serve peaceful interests; the question was how to arrange for the use of this equipment by civil aviation. Through negotiation and agreement, the Department of State was able to transfer as military surplus much of the equipment to the countries in which it was located and to assist in the procurement of additional equipment when such transfer proved inadequate.

The technical-assistance program adopted by the United States in 1949 proved a boon to the safety, efficiency, and economy of international aviation and, in turn, benefited the U.S. international carriers. The Aviation Policy Staff studied foreign requirements in consultation with the Civil Aeronautics Administration and made recommendations to the Technical Cooperation Administration, the Mutual Security Agency, the International Bank for Reconstruction and Development, and the Export-Import Bank on how aviation funds and assistance might be most profitably provided.

International aviation objectives of the United States cannot be defined solely in terms of the statutory responsibilities of one or two agencies of the Government. Close coordination among many segments of the Government must be achieved in order that all necessary considerations may be integrated in a U.S. position. The Air Coordinating Committee, established by Exe-

cutive Order 9781 of September 19, 1946, has met an important need. It is composed of the Government agencies having a substantive interest in aviation matters and is directed to examine aviation problems and to develop and recommend integrated policies in the field of aviation. The Aviation Policy Staff represents the Department of State in the Committee, which deals not only with broad policy decisions but also with specialized problems in the economic, technical, and legal fields of aviation.

The Air Coordinating Committee is especially important in developing U.S. positions in the Council and Assembly of the International Civil Aviation Organization and other ICAO meetings. In all fields of aviation ICAO attempts to resolve national differences and to obtain international agreements on standards and practices—broad objectives which are entirely consistent with U.S. views on the basis for the orderly growth of international aviation. Moreover, all ICAO activities are international negotiations, and, despite the technical nature of some of the problems, the Department of State participates in the program in order to maintain a consistent international position and to prevent the development of political frictions as a result of technical discussions. Specific issues in ICAO in which the Department sometimes becomes directly involved include questions that have political implications, that require consistency with U.S. positions in the United Nations, or that require interpretation of treaty obligations of the United States. Other ICAO matters that require departmental action are the selection of the U.S. representative to the ICAO Council and his staff and of U.S. delegations to the periodic meetings of the ICAO components.

However, not all aviation matters can be handled effectively by the Air Coordinating Committee; some require treatment by the Department of State and whatever other Government agency may have a primary interest in the subject. A few examples may be cited as typical of matters requiring such bilateral interdepartmental contacts.

Foreign policy considerations on route recommendations of the Civil Aeronautics Board are coordinated directly with the Board and, if necessary, the Bureau of the Budget, which screens the Board's recommendations on U.S. international routes prior to their submission to the President for his approval. Coordination between the Department of State and the Civil Aeronautics Administration, which has responsibility for the policies and programs in the technical and operating fields of civil aviation, is often required in order that opportunities for improvement of air navigation practices and of deficient facilities along U.S. certificated routes abroad can be explored.

In the United States there is unique coordination between military and civil aviation. The Department of Defense is concerned with matters of

common civil-military interest, such as air navigation facilities and services, standards and practices proposed or adopted by the International Civil Aviation Organization, civil regulations and decisions that may affect the size of the civil air fleet, civil routes of military interest, etc. Close liaison must, therefore, be maintained so that discussions and negotiations on these subjects may reflect or incorporate military views. Questions regarding the civil use of military facilities and the military use of civil facilities must frequently be resolved through the Department of State. In addition to its other supplementary services to civil aviation interests, the Department of Defense provides certain search and rescue facilities and services which are available to civil aircraft and should be integrated to the greatest extent possible with the international program for protection of aircraft in distress.

The active interest of the Department of State in aviation matters within the Government results in the benefits of integrated national aviation policies and the opportunity for the Department to monitor decisions directly related to the U.S. foreign policy. In activities abroad the Department is able to support and indeed to promote both the spirit and the letter of the Civil Aeronautics Act as amended. The progress of U.S. civil aviation is at least to some extent contingent upon the development of world aviation. Equally true is the fact that world stability and economic development are dependent upon the continuing improvement of international communications, facilities, and services. The United States must therefore continue its substantial and ever-increasing interest in the entire field of international aviation.

• *Mr. Snowdon, author of the above article, is Assistant Chief of Staff of the Aviation Policy Staff, Office of Transport and Communications Policy.*

Armistice Discussions in Korea

Press Conference Statement by Secretary Dulles

Press release 345 dated June 30

The discussions with the Republic of Korea and the negotiations with the Communists with reference to an armistice are continuing. The principal representatives, Assistant Secretary Robertson from the political side, and General Clark from the military side, are thoroughly familiar with our basic thinking and our continuing desire to achieve an armistice under the conditions set forth in President Eisenhower's letter of June 6 to President Rhee.¹ The basic position of this

¹ BULLETIN of June 15, 1953, p. 835.

Government has not changed since that time. Within the framework of President Eisenhower's letter our representatives have been given a large measure of discretion as to procedure. We have not yet received any reports as to what took place there yesterday—that is last night our time—and I do not think it wise for me to make any statements here which might embarrass the discussions in Korea.

Communist Charges Regarding Release of Korean Prisoners

Following is the text of a letter which Gen. Mark W. Clark sent on June 29 to the Communist Commanders in reply to their letter of June 19:¹

Marshal KIM IL SUNG,
Commander of the Korean People's Army
General PENG TEH-HUAI,
Commander of the Chinese People's Volunteers

The United Nations Command agrees, of course, that the escape of about 25,000 captured personnel of the Korean People's Army is a serious incident and unfortunately has not been conducive to the early armistice for which both sides have been earnestly striving. The United Nations Command, by means of General Harrison's letter of 18 June 1953, immediately informed you of the facts regarding the loss of these prisoners.²

We felt that you deserved to have this information at the earliest possible time. However, in your letter of 19 June I note that for one reason or another you fail to accept the realities of the situation which we accurately reported to you, and you have made several inaccurate statements of fact. In an earnest endeavor to achieve an early armistice, I shall further clarify these facts.

Despite our voluntary and accurate presentation of these facts you still seem to consider that the "escape" of the prisoners and their "release" by order of the Republic of Korea Government are contradictory terms. The fact is, as you are well aware by this time, that the prisoners "escaped" by breaking through the prison fences and barricades and, except for those who were captured, disappeared into the civil population. They were "released" in that the Republic of Korea Government, without the knowledge of, and contrary to the intent of, the United Nations Command, planned and arranged the breakout, and the Republic of Korea Army security guards made little real effort to prevent the escape.

In replying to the questions which you asked in your letter, I believe that you realize the armistice

which both of us seek is a military armistice between the military commanders of both sides. The United Nations Command is a military command and, contrary to the opinion indicated in your letter of 19 June, does not exercise authority over the Republic of Korea, which is an independent sovereign state whose government is the product of the self-determination of its millions of people. The Republic of Korea Army was placed by its Government under the control of the United Nations Command in order to more effectively repel the armed aggression against the Republic of Korea. I believe it should be clear to you that the United Nations Command, as the result of a commitment made by the Republic of Korea, does not command the Republic of Korea Army. In this incident that Government violated its commitment, issuing orders which were unknown to me, through other than recognized military channels to certain Korean army units, which permitted the prisoners of war to escape.

You also asked whether the armistice in Korea included the Republic of Korea as represented by President Syngman Rhee; another question, which is closely related, expressed your interest in knowing what assurances there may be for the implementation of the armistice agreement on the part of South Korea. It is necessary here to reiterate that the armistice which we seek is a military armistice between the commanders of both sides and involving the forces available to the commanders of both sides.

It is recognized that certain provisions of the armistice agreement require the cooperation of the authorities of the Republic of Korea. You are assured that the United Nations Command and the interested governments concerned will make every effort to obtain the cooperation of the Government of the Republic of Korea. Where necessary the United Nations Command will, to the limits of its ability, establish military safeguards to insure that the armistice terms are observed.

Our willingness to do this should be apparent to you by the concurrence which we have given to those portions of the terms of reference which require the United Nations Command to take certain action to insure the safety and security of the neutral nations reparation commission and its personnel.

It is regrettable that you choose to allege that the United Nations Command connived in the escape of the prisoners. Besides being contrary to the obvious facts, such accusation tends to obstruct rather than to facilitate an armistice agreement. The United Nations Command is continuing its efforts to recover the prisoners of war who have escaped. It would be unrealistic, however, and misleading to imply that an appreciable number of these prisoners could be recovered now that they have disappeared among the population, which is disposed to shelter and protect them. You undoubtedly realize that the recovery of all

¹ BULLETIN of June 29, 1953, p. 906.

² *Ibid.*, p. 905.

these prisoners would be as impossible for us as it would be for your side to recover the 50,000 South Korean prisoners "released" by your side during the course of hostilities. You, of course, understand that the cessation of hostilities will facilitate the return of the escaped Korean prisoners of war to your side if they are not opposed to such return. Under the provisions of Paragraph 59 of the draft armistice agreement, the escaped prisoners of war can proceed to your side if they so desire after the armistice becomes effective.

Following the signing of an armistice, the exchange of those prisoners of war who desire repatriation will involve the 12,000 of our personnel reported by you in April 1952, plus the additional ones captured since that date and now in your hands, as compared with about 74,000 of your personnel, including approximately 69,000 Koreans, now in our hands, whom we are prepared to return to you.

This letter is an earnest effort by the United Nations Command to acquaint you with the facts. It is suggested that the delegations meet immediately to exchange information as to the time at which respective components of the neutral nations supervisory commission can be prepared to function in order that an effective date for the armistice may be established and, on receipt of that information, the armistice agreement as has been developed by our respective delegations be signed.

MARK W. CLARK,
*General, United States Army,
Commander in Chief, United
Nations Command.*

basic community interests of the Atlantic peoples found recognition in an unprecedented program of cooperation to relieve Europe's postwar economic distress. My country has already contributed more than 10 billion dollars to the NATO defense system, and this contribution is continuing. We have assigned a substantial number of American troops to participate in the NATO defense forces, the largest body of American troops ever stationed outside the United States in peacetime. I believe it is highly significant that the man who is now the President of the United States had a major role in the development of the NATO defense system. Both publicly and privately the President has pointed out that the passage of time has reinforced his faith in NATO.

During recent months we have heard the voices behind the Iron Curtain assume a new tone, and men and women throughout the free world have anxiously asked whether the leaders of the Soviet Union may be willing at last to cooperate sincerely in a program for lasting peace. It is only natural that all of us who are bearing heavy financial burdens in creating and maintaining our defenses should look eagerly for any evidence of peaceful intentions within the Soviet Union. Recent events in Berlin and East Germany may have dimmed our hopes, but so long as a reasonable hope exists, we must not ignore any practical and honorable opportunity to bring genuine peace to the world. Actions speak louder than words, however, and in the absence of proof to confirm our hopes, we cannot afford to let our guard down.

It is for this reason that we can continue to pursue with confidence the proven principles which underlie the NATO partnership. From the beginning, our purposes and practices have been peaceful. We have threatened no nation nor have we committed aggression against any people. We have sought strength and unity solely for our own security and well-being. If our strength and unity have, in fact, produced a willingness by others to consider a peaceful approach to international problems, then it is all the more important that we continue to develop our strength and to tighten the bonds of our association.

Despite the great progress made in building NATO defenses, we all realize that these defenses are still inferior to the monstrous military forces which exist behind the Iron Curtain. Until our defenses are adequate, it would be extremely dangerous for us to take comfort in the hope that the Soviet leaders have no intention of using these forces against the NATO area. Human intentions are fragile and uncertain things. We cannot afford to gamble the fate of Western civilization on a polite smile or a flattering word. We cannot pin our hopes on the intentions of others; we must find security in our own strength.

Whatever the future may hold for us, we may be certain that the unity which we are creating among ourselves will pay tremendous dividends.

The Continuing Need for Building Free-World Strength Through NATO

by Ambassador John C. Hughes
U.S. Permanent Representative to NAC¹

On this occasion of my first appearance in the North Atlantic Council, I want to say that it is an honor and a privilege for me to have the opportunity to participate in an organization which means so much to the people of my own country and to the future of the entire civilized world.

It is unnecessary for me to attest to the deep and enduring interest which the Government and people of the United States have in NATO. The facts speak more forcefully than any words I might utter. Even before NATO was formed, the

¹ Statement made before the North Atlantic Council at Paris on June 24 and released to the press on the same date by the Council's information service.

Sometimes we build better than we know. If the day for which we hope at last arrives—if we are able to establish the necessary conditions for enduring peace and universal security—our partnership can divert its principal energies to improving the spiritual and material well-being of our peoples. I am convinced that the institutions, the habits of consultation and cooperation, the spirit of mutual confidence and respect, and the harmony of thought and action which we are developing in NATO will not only protect our common civilization through the years ahead, but will also afford us an unparalleled opportunity for creating a better, stronger, and happier civilization. This, I believe, is our ultimate purpose, and it will be our ultimate triumph.

Terms of Reference for U. S. Mission to NATO

Department Circular No. 36 dated June 30, 1953

SUBJECT: *U.S. Mission to the North Atlantic Treaty Organization and European Regional Organizations (Usro)*

1. The President, on June 16, 1953, approved the attached terms of reference for the U.S. Mission to the North Atlantic Treaty Organization and European Regional Organizations (Usro). The transition from the present organization of the Office of the Special Representative in Europe (SRE) will be effected by subsequent actions.

2. Action responsibility in the Department on Usro matters will reside primarily in the Bureau of European Affairs.

Enclosure

Memorandum with Reference to the Reorganization of the Special Representative in Europe (SRE)

MAY 26, 1953

1. To succeed the U.S. special representative in Europe, a U.S. Mission to the North Atlantic Treaty Organization and European Regional Organizations (Usro) is to be established on a pattern similar to the U.S. country-team pattern.

2. The head of the Usro team will be the U.S. permanent representative on the North Atlantic Council and will be appointed by the President. He will report directly to the Secretary of State and will be responsible to the Secretary of State. He will also serve as the U.S. representative to the Ministerial Council of the OEEC (Organization for European Economic Cooperation). He will have a deputy appointed by the Secretary of State who will be the head of the Political Section of Usro, will serve as alternate permanent representative to NAC (North Atlantic Council), and will act as Chargé d'Affaires of the mission in the absence of the chief of Usro. At the Washington level, the Secretary of State will provide necessary coordination with responsible departments and agencies.

3. The Secretary of Defense will have a principal representative on Usro, appointed by him, who will report to him through the chief of Usro, will be the Defense adviser to the chief of Usro concerning the Secretary's responsibilities in NATO (North Atlantic Treaty Organization) and his responsibilities for multilateral aspects of the MSP (Mutual Security Program) in Europe, and will be the head of the Defense section of Usro.

There will be full coordination between the chief of Usro and U.S. CINCEUR (Commander-in-Chief, Europe). The chief of Usro may secure advice from U.S. CINCEUR

and other military officers designated by the Secretary of Defense or the Joint Chiefs of Staff on problems falling within Usro's responsibility.

4. The Director for Mutual Security will have a principal representative on Usro, appointed by him, who will report to him through the chief of Usro, will handle DMS (Director for Mutual Security) responsibilities for multilateral mutual-security-program operations in Europe, and will be the alternate U.S. representative to the Ministerial Council of the OEEC, the U.S. observer on OEEC at the working level, the economic adviser to the chief of Usro, and the head of the economic section of Usro.

5. The Secretary of the Treasury will have the principal representative on Usro, appointed by him, who will report to him, through the chief of Usro, and will be the financial adviser to the chief of Usro.

6. Usro will function only with NATO, OEEC, and such other multilateral or supranational organizations as may be determined, and will not have any supervisory powers over the U.S. country teams of Europe.

7. The communications channels of Usro will be similar to the communications channels of a country team and subject to the same limitations. The Ambassador (the chief of Usro) will report to and receive instructions from the Secretary of State on all matters relating to foreign policy.

8. The chief of Usro, as U.S. permanent representative on the North Atlantic Council, will be the only one with rank of Ambassador, and his principal advisers will have the rank of Minister. The staff of Usro will be integrated in the sense that the chief of Usro will be responsible for providing it with general direction, leadership, and coordination and that he has authority to utilize it as he deems necessary for the effective conduct of the operations of the mission.

9. It is anticipated that:

(a) It will constantly be necessary for the departments concerned in Washington to reach, under the leadership of the Secretary of State, U.S. positions which will be transmitted in joint messages to Usro and will be carried out by the multilateral team;

(b) Usro, under the leadership of the chief of Usro, will consistently seek to work out agreed joint recommendations on multilateral problems to the representative Washington departments concerned;

(c) administrative services will be provided by the Department of State;

(d) the members of Usro will not initiate directly with officials of other governments, except for those governments' representatives on the multilateral organization, any item of U.S. business.

Approved:

Department of State
Department of Treasury
Department of Defense
Director for Mutual Security

WALTER B. SMITH
G. M. HUMPHREY
C. E. WILSON
H. E. STASSEN

Approved D. E. June 16, 1953

Italian Firm To Produce Jet Engine Parts for NATO

The Fiat Company of Italy will produce turbojet engine spare parts for North Atlantic Treaty Organization (NATO) planes, under a \$3,470,000 defense-support project, the Mutual Security Agency announced on June 18.

Fiat, leading Italian automotive and aeronautical firm, was designated by the U.S. Air Force and the Department of Defense as a European source of jet engine spare parts, as a

result of a survey of European manufacturers by U.S. military authorities.

The Fiat project is designed to relieve the United States of having to supply NATO requirements of turbojet components from domestic sources. The Fiat production also will provide a source of the parts for the NATO countries without requiring dollar payments or credits.

Other advantages of the Italian source will be shorter supply lines, reduction of quantities in the "pipeline," elimination of bottlenecks caused by items in short supply, and development of European know-how in this segment of military production.

Under the MSA defense-support project, \$3,470,000 out of MSA funds, programed for the Italian Government, will be provided in dollar exchange for the purchase of \$2,440,000 in machine tools, \$450,000 in metal-working machinery, \$240,000 in electrical equipment, and \$340,000 in other miscellaneous items needed to establish the spare-parts production at Fiat. All these items are to be purchased in the United States. In addition to the equipment financing, ocean-freight charges are estimated at \$230,000.

Besides its obligation to finance the lira equivalent of the MSA-dollar grant, which is made to the Italian Government, Fiat will cover the non-dollar costs of setting up the production facilities, including the equivalent of \$1,000,000 in Italian lira costs and \$1,904,000 equivalent for other European currency procurement.

Bermuda Talks Postponed; Foreign Ministers To Meet

White House press release dated June 27

The President on June 27 sent the following message to the Prime Minister of Great Britain:

DEAR WINSTON:

I am deeply distressed to learn that your physicians have advised you to lighten your duties at this time and that consequently you will be unable to come to Bermuda for our talks.

I look upon this only as a temporary deferment of our meeting. Your health is of great concern to all the world and you must, therefore, bow to the advice of your physicians.

With best wishes from your friend.

IKE

Press release 347 dated June 30

In view of the postponement of the Bermuda talks, the Secretary of State of the United States, the Acting Foreign Secretary of the United Kingdom, and the Foreign Minister of France have agreed to meet in Washington beginning July 10 to discuss problems of common interest to their three countries.

July 13, 1953

The Export-Import Bank: Reorganization Plan No. 5¹

Prepared by the President and Transmitted to the Senate and the House of Representatives in Congress Assembled, April 30, 1953, Pursuant to the Provisions of the Reorganization Act of 1949, Approved June 20, 1949, as Amended

SECTION 1. *The Managing Director.* There is hereby established the office of Managing Director of the Export-Import Bank of Washington, hereinafter referred to as the Managing Director. The Managing Director shall be appointed by the President by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum.

SEC. 2. *Deputy Director.* There is hereby established the office of Deputy Director of the Export-Import Bank of Washington. The Deputy Director shall be appointed by the President by and with the advice and consent of the Senate, shall receive compensation at the rate of \$16,000 per annum, shall perform such functions as the Managing Director may from time to time prescribe, and shall act as Managing Director during the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director.

SEC. 3. *Assistant Director.* There is hereby established the office of Assistant Director of the Export-Import Bank of Washington. The Assistant Director shall be appointed by the Managing Director under the classified civil service, shall receive compensation at the rate now or hereafter fixed by law for Grade GS-18 of the general schedule established by the Classification Act of 1949, as amended, and shall perform such functions as the Managing Director may from time to time prescribe.

SEC. 4. *Functions transferred to the Managing Director.* All functions of the Board of Directors of the Export-Import Bank of Washington are hereby transferred to the Managing Director.

SEC. 5. *General policies.* The National Advisory Council on International Monetary and Financial Problems shall from time to time establish general lending and other financial policies which shall govern the Managing Director in the conduct of the lending and other financial operations of the Bank.

SEC. 6. *Performance of transferred functions.* The Managing Director may from time to time make such provisions as he deems appropriate authorizing the performance of any of the functions of the Managing Director by any other officer, or by any agency or employee, of the Bank.

SEC. 7. *Abolutions.* The following are hereby

¹ 18 Fed. Reg. 3741. Effective June 30, 1953, under the provisions of section 6 of the act; published pursuant to section 11 of the act (63 Stat. 203; 5 U. S. C. Sup. 133z).

abolished: (1) The Board of Directors of the Export-Import Bank of Washington, including the offices of the members thereof provided for in section 3 (a) of the Export-Import Bank Act of 1945, as amended; (2) the Advisory Board of the Bank, together with the functions of the said Advisory Board; and (3) the function of the Chairman of the Board of Directors of the Export-Import Bank of Washington of being a member of the National Advisory Council on International

Monetary and Financial Problems. The Managing Director shall make such provisions as may be necessary for winding up any outstanding affairs of the said abolished boards and offices not otherwise provided for in this reorganization plan.

SEC. 8. *Effective date.* Sections 3 to 7, inclusive, of this reorganization plan shall become effective when the Managing Director first appointed hereunder enters upon office pursuant to the provisions of this reorganization plan.

Reports of U.N. Command Operations in Korea

SIXTY-FIRST REPORT: FOR THE PERIOD JANUARY 1-15, 1953¹

U.N. doc. S/2991
Dated April 17, 1953

[Excerpts]

I herewith submit report number 61 of the United Nations Command Operations in Korea for the period 1-15 January 1953, inclusive. United Nations Command communique numbers 1481-1495 provide detailed accounts of these operations.

Armistice negotiations continued in recess, but communications were retained through liaison officers. At a meeting of liaison officers on 1 January 1953 the United Nations Command Liaison Officer rejected a Communist protest of an alleged overflight of the conference site which reportedly occurred on 24 December 1952. According to eye witness and radar surveillance reports the United Nations Command aircraft did not approach closer than one mile to the neutral conference area.

On 2 January 1953 the United Nations Command Senior Liaison Officer delivered another letter rejecting a Communist protest of an overflight which occurred on 26 December 1952. His letter included the following statement:

Experience has demonstrated that in spite of costly and elaborate physical measures to insure pilot recognition of the conference site at Panmunjom, and careful instruction of United Nations Command pilots in order to prevent overflight of the Kaesong-Panmunjom area and road, overflights will occasionally occur. Where no hostile act

¹ Transmitted on Apr. 16 to the Secretary-General, for circulation to members of the Security Council, by the U.S. representative to the U.N. Text of the 50th report appears in the BULLETIN of Dec. 15, 1952, p. 958; the 51st and 52d reports, Dec. 29, 1952, p. 1034; the 53d report, Jan. 26, 1953, p. 155; the 54th report, Feb. 9, 1953, p. 224; the 55th report, Feb. 16, 1953, p. 276; the 56th report, Mar. 2, 1953, p. 348; and excerpts from the 57th, 58th, and 59th reports, May 11, 1953, p. 690. The 60th report (U.N. doc. S/2982 dated Apr. 6, 1953) was not printed.

is committed within these areas, such overflights do not violate the spirit of the existing understanding between liaison officers, but fall within the exceptions, "weather and technical conditions beyond control", provided for by paragraph 5 of the understanding.

On 7 January 1953 the Senior Communist Liaison Officer delivered a letter protesting an overflight alleged to have occurred on 4 January 1953. On 11 January 1953 the Senior United Nations Command Liaison Officer rejected the Communist protest of 7 January. His letter contained the following statement:

The United Nations Command has never agreed that overflight of the conference site by military aircraft by itself constitutes a hostile act. The United Nations Command did agree that: "Except under weather and technical conditions beyond control the military aircraft of both sides shall not fly over the conference site area at Panmunjom." Your statement that these harmless incidents of inadvertent overflight would make it "utterly impossible to assure the maintenance of the conference site area" is patently untenable, since such incidents have unavoidably occurred at intervals during the entire period of the agreement's existence without prejudice to the continued maintenance of the conference site.

The United Nations Command has every intention of abiding by the spirit of the Security Agreements reached at Panmunjom on 22 October 1951, but does not propose to accept the picayune complaints registered by your side on every slightest pretext. Your protest of 7 January is accordingly rejected.

On 15 January 1953 the Senior United Nations Command Liaison Officer delivered the following letter to the Communists in a meeting at Panmunjom:

In accordance with instructions from the Senior Delegate of the United Nations Command Delegation, you are hereby notified that effective 25 January 1953 the United Nations Command will grant immunity from attack on two convoys per week between Kaesong and Pyongyang, consisting of not more than six trucks and three jeeps each, provided that:

- a. One such convoy depart Kaesong and the other depart Pyongyang between 0600 and 0700 hours on Sunday of each week;

- b. Such convoys follow the prescribed route that passes through Sohung and Namchonjom and complete travel by 2000 hours on Sunday;
- c. All convoy vehicles are marked with red panels easily distinguishable from the air, and remain in convoy;
- d. On the approach of aircraft, convoys will not seek cover but remain in movement along the road without increasing speed.

Under present conditions with the armistice negotiations in recess, no valid reason for the continuance of the privilege granted on 25 November 1951 exists, and the United Nations Command will hereafter allow only that immunity described above. However, at any time that meetings of the main delegations are resumed, the United Nations Command will reconsider your requirements for immunity to attack of your delegation's convoys. As your authorities have been previously informed, the United Nations Command Delegation stands ready to resume meetings at any time upon receipt of a letter from your Senior Delegate stating that he is ready to accept one of the United Nations Command proposals for the attainment of an armistice, or offering a constructive proposal which could lead to an honorable armistice.

The Senior Communist Liaison Officer after scanning the letter made the following statement: "I hereby notify your side that in due course of time our side will talk with your side regarding this matter."

Communications directed to enemy civilians and troops, informing them of the sincerity of United Nations Command peace efforts and the humanitarianism embodied in the principle of non-forced repatriation, were continued, employing leaflets and radio broadcasts. This campaign to penetrate the informational blackout imposed by the Communist leaders in Korea has assumed major proportions during recent months in an effort to counter the effects of the calculated hate program of the Communists.

The United States Government has agreed to a request from the Government of the Republic of Korea to re-examine the procedures now being followed in making dollar payments to the Republic of Korea for the United States share of won expended for military purposes in the Korean effort. New arrangements were being developed in early January 1953 whereby United States payments to the Republic of Korea for won received will be made monthly on a pay-as-you-go basis.

The Government of the Republic of Korea is preparing a comprehensive budget for FY 1953-54, which begins 1 April 1953. Reliance upon the comprehensive budget technique, not used by the Republic of Korea before, is designed to disclose in a single document the total integrated requirement for expenditure and receipt of public funds by the Government of the Republic of Korea. The deficit disclosed by the comprehensive budget may be viewed as suggestive of the magnitude of additional indigenous receipts required as well as the area of further foreign-aid contributions. Initial hearings were held in December 1952 by a sub-committee of the Combined Economic Board. Data thus made available to the United Nations Command will be useful in determining military assistance as well as economic aid required to assist the people of the Republic of Korea in their struggle with Chinese and North Korean Communists.

A representative of the United Nations Korean Reconstruction Agency met with United Nations Command offi-

cials in Tokyo on 14 January 1953. The program which the United Nations Korean Reconstruction Agency will undertake in supplementing the Commander in Chief's United Nations Command operations in civil relief and economic aid to the Republic of Korea was discussed. During the discussion it was indicated that action has been taken to expedite the implementation of the United Nations Korean Reconstruction Agency's expanded operations.

SIXTY-FOURTH REPORT: FOR THE PERIOD FEBRUARY 16-28, 1953²

U.N. doc. S/3037
Dated June 19, 1953

[Excerpts]

I herewith submit report number 64 of the United Nations Command Operations in Korea for the period 16-28 February 1953, inclusive. United Nations Command communiqués numbers 1527-1539 provide detailed accounts of these operations.

Armistice negotiations continued in recess but liaison was maintained. There were six meetings between liaison officers.

At a meeting on 19 February, a letter from the Senior United Nations Command Delegate to the Communist Senior Delegate was delivered in which General Harrison rejected a Communist charge that the United Nations Command had, on 26 November 1952, bombed a prisoner-of-war camp in North Korea, holding United Nations Command personnel. An excerpt of General Harrison's letter follows:

In your letter of 1 December 1952 you alleged, without any substantiating evidence, that United Nations Command aircraft bombed Prisoner-of-War Camp Number 9 at Sunchon on 26 November 1952.

It has been determined that no United Nations aircraft expended any ordnance in the vicinity of Sunchon at the time stated. Your charges are, therefore, proved to be false and are rejected.

Also on 19 February the credentials of Lieutenant Colonel Harry M. Odren, United States Air Force, were presented appointing him as a United Nations Command Liaison Officer to replace Lieutenant Colonel Earl H. Robinson, United States Air Force.

On 23 February the Senior Communist Delegate replied to General Harrison's letter of 19 February and repeated the ridiculous charge that the United Nations Command had, in violation of agreement, bombed the Communist Prisoner-of-War Camp at Sunchon. It is anticipated that a reply to General Nam Il's typically abusive letter will be made in order to set the record straight and expose the falsity of the Communist position.

The prisoner of war incidents continued their now familiar pattern of harassment. The practice of attacking unarmed security personnel who entered the various enclosures continued. On 23 February, a civilian in-

² Transmitted on Apr. 18. The 62d and 63d reports (U.N. docs. S/2999 dated Apr. 27, 1953 and S/3017 dated May 25, 1953, respectively) are not printed here.

ternee on Pongam-do attacked an unarmed United Nations Command work supervisor who was forced to defend himself with a pick handle.

At Chogu-ri, on Koje-do, the prisoners in one enclosure refused to form for head count and work details. Initially, orders were issued to form for work details by the compound commander, then by the enclosure commander, and finally by the camp commander. All orders were refused and the usual inciting chants were started. The chanting started similar chanting in the neighbouring enclosures as the prisoners worked themselves into a frenzy. A small amount of non-toxic irritants was used, and the camp commander again called upon the recalcitrant prisoners to form for the work detail. The order was still refused, and the camp commander was forced to use additional non-toxic irritants and a security platoon to enforce order. The demonstrations in the neighbouring enclosures ceased as soon as order was restored in the compound that had instigated the harassment.

The following day, at the same camp, the prisoners again attempted to harass the camp officials by refusing to obey orders. Non-toxic irritants again had to be used to restore order. Later that day, the enclosure commander apprehended a prisoner stealing coal. Upon being ordered to rejoin his work detail, the prisoner, with three others, attempted to assault the enclosure commander. Prompt action on the part of the tower guard circumvented the attack.

On the following day, 25 February, a civilian internee at Pongam-do attacked the compound commander when ordered to report to the enclosure command post. The enclosure commander was able to defend himself with a stick until armed assistance arrived.

The highlight of activities during this period was the letter addressed to Kim Il Sung, Supreme Commander of the Korean People's Army, and Peng Teh-Huai, Commander of the Chinese People's Volunteers, by General Clark, Commander in Chief, United Nations Command. This letter, delivered by the Senior United Nations Command Liaison Officer to his Communist counterpart on 22 February 1953, pointed out that the Executive Committee of the League of Red Cross Societies, in a resolution adopted in Geneva, Switzerland, on 13 December 1952, had called on both sides in the Korean conflict, as a gesture of good will, to implement the humanitarian principles of the Geneva Convention by repatriating sick and wounded prisoners of war in accordance with appropriate articles of the Geneva Convention. The letter stated, further, that the United Nations Command had always adhered scrupulously to the humanitarian principles of the Geneva Convention, and still remained ready to implement, immediately, the repatriation of seriously sick and wounded prisoners of war. The United Nations Command wished to be informed if the Communists were prepared to proceed with the repatriation of seriously sick and wounded prisoners of war in their custody.

Informational media directed to Communist-controlled areas called for immediate exchange of sick and infirm prisoners of war. A resolution urging such an exchange was passed by the Executive Committee of the League of Red Cross Societies at Geneva on 13 December 1952. The

statement of Commander in Chief, United Nations Command, broadcast on 22 February, indicated once more the willingness of the Command to comply with the terms of the Red Cross resolution. In broadcasts of this proposal to the people of North Korea and the troops of the North Korean and Chinese Communist forces, the humanitarian spirit which has characterized the United Nations attitude toward Korea—from the initial effort against Communist aggression to the negotiations at Panmunjom—was reiterated.

Discussions with the Government of the Republic of Korea regarding Korean currency provided to the United States Forces were concluded on 25 February 1953. The United States Government agreed to pay \$85,800,000 to the Republic of Korea for full and final settlement of all unpaid Korean currency provided to the United States Forces prior to 7 February 1953. This payment brings the total to \$163,490,444.99, which the United States Government will have paid for Korean currency provided by the Republic of Korea. Payment for Korean currency drawn each month will hereafter be made by the 20th day of the following month. These arrangements with the United States Government do not affect the arrangements with respect to acquisition of and settlement for Korean currency on the part of United Nations Forces, other than those of the United States.

SIXTY-FIFTH REPORT: FOR THE PERIOD MARCH 1-15, 1953*

U.N. doc. S/3038
Dated June 19, 1953

[Excerpts]

I herewith submit report number 65 of the United Nations Command Operations in Korea for the period 1-15 March 1953, inclusive. United Nations Command communiques numbers 1540-1554 provide detailed accounts of these operations.

Armistice Negotiations continued in recess, but liaison officers continued to meet during the period. On 4 March, the Senior United Nations Command Liaison Officer reminded the Communist Senior Liaison Officer that it was inappropriate to introduce propaganda into the correspondence and meetings between liaison officers.

On 11 March, Colonel Carlock, the Senior United Nations Command Liaison Officer, delivered a reply to the Communist protest of 23 January. This protest alleged that United Nations Command aircraft had strafed a Communist convoy enroute from Kaesong to Pyongyang in violation of the United Nations Command grant of immunity. The text of Colonel Carlock's letter follows:

This is in reply to your letter dated 23 January 1953 in which you allege that military aircraft of the United Nations Command strafed vehicles of your delegation enroute from Kaesong to Pyongyang at a point approximately six kilometers south of Hwangju on 21 January 1953.

After careful internal investigation by the United Nations Command, it has been determined that several Communist vehicles were observed by United Nations Command pilots in the general area of the attack alleged

* Transmitted on June 18.

in your letter of 23 January 1953. One such vehicle, carrying a red flag, was observed on the north edge of Sariwon and another truck, marked with a red flag, was later seen in the vicinity of the alleged strafing. These vehicles were not in convoy and all vehicles observed along the road between Sariwon and Pyongyang were widely scattered. Although a single truck was attacked at the position reported by you, no vehicle bearing red flags or panels was attacked. The United Nations Command therefore rejects your protest as fraud, and concludes that the evidence furnished by you on 12 February 1953 was not related to any vehicle traveling in a convoy under the United Nations Command grant of immunity.

Your attention is directed to the fact that the grant of immunity to convoy vehicles of your delegation specifies that such vehicles must remain in convoy. You are advised that the grant of immunity to your delegation convoy vehicles which became effective on 25 January 1953 contains the same stipulation. The United Nations Command cannot undertake to grant immunity from attack to your convoy vehicles which fail to observe the provisions of the grant contained in my letter of 12 January 1953.

On 13 March, a letter from Lieutenant General Harrison addressed to General Nam Il was delivered to Communist Liaison Officers. This letter was in reply to a letter received from the Communist Senior Delegate on 23 February 1953, in which he reiterated the false charge that the United Nations Command was responsible for the bombing of a Communist Prisoner of War camp at Sunchon on the night of 26 November 1952. The text of General Harrison's letter is quoted:

Your propaganda letter of 23 February 1953 repeats the fraudulent charge that the United Nations Command bombed the Prisoner of War camp of your side at Sunchon on the night of 26 November 1952. Although, after careful investigation, this false charge was rejected in my letter of 19 February, your most recent letter makes it necessary to set the record straight with respect to the whole matter of prisoner of war camps.

As you should be aware, Article 23 of the Geneva Convention states:

"No prisoner of war may at any time be sent to, or detained in areas where he may be exposed to the fire of the combat zone, nor may his presence be used to render certain points or areas immune from military operations.

"Prisoners of war shall have shelters against air bombardment and other hazards of war, to the same extent as the local civilian population. With the exception of those engaged in the protection of their quarters against the aforesaid hazards, they may enter such shelters as soon as possible after the giving of the alarm. Any other protective measure taken in favour of the population shall also apply to them.

"Detaining Powers shall give the Powers concerned, through the intermediary of the Protecting Powers, all useful information regarding the geographical locations of prisoner of war camps.

"Whenever military considerations permit, prisoner of war camps shall be indicated in the daytime by the letters PW or PG, placed so as to be clearly visible from the air. The Powers concerned may, however, agree upon any other system of marking. Only prisoner of war camps shall be marked as such."

You are reminded that it was only upon the insistent demand of the United Nations Command that your side finally furnished information as to the geographical locations of your prisoner of war camps. Upon checking the reported locations by means of aerial photography, a number were found not to be located at the reported posi-

tions and others were found not to be properly marked. It was then necessary for the United Nations Command to make repeated requests in order to get you to furnish accurate locations and to have your prisoner of war camps properly and clearly marked.

The whole world is aware of the continued refusal of your side to permit observation of your prisoner of war camps by any Protecting Power or an impartial organization such as the International Committee of the Red Cross. This policy of your side which prevents on-the-spot observation by impartial and unbiased investigators, conclusively demonstrates unwillingness or inability to produce any real evidence to support your allegations regarding happenings within the territory controlled by your side. Even the most perfunctory study of Article 23 makes it clearly apparent that if, at any time, any personnel of the United Nations Command held prisoner by your side have been wounded or killed by our aerial attacks, the primary responsibility attaches to your side. The gross negligence exhibited by your side in failing to abide by the cited article of the Geneva Convention is clearly documented in the record of the Armistice Negotiations. If there is any truth in the statement contained in your letter of 23 February 1953, it only serves to more clearly establish your criminal refusal to be governed by the provisions of International Law.

Your continued use of the liaison machinery at Panmunjom as a channel for your propaganda is a repetition of the same unethical conduct which forces a recess of Armistice Negotiations. Under the circumstances, I must point out that neither the Armistice Negotiations nor the arrangements for continued liaison between both sides imposes any obligation upon the United Nations Command to accept communications from your side which are in no way related to the armistice. I, therefore, suggest again that you confine your communications to matters which may be considered related to attainment of the armistice and that you cease to pervert the liaison arrangements to the purposes of your endless propaganda.

In the same meeting at which the United Nations Command Senior Delegate's letter was delivered the Senior Communist Liaison Officer orally protested an alleged bombing of Kaesong at 5:40 a. m. on 13 March. Colonel Carlock replied that the United Nations Command would investigate the alleged incident, and on 14 March a United Nations Command party including investigators and press representatives proceeded to Kaesong. All evidence obtained was turned over to the Commanding General of the Fifth Air Force, who will conduct a formal investigation to determine the responsibility for this apparent violation of the security agreement under which Kaesong is protected from attack. Upon conclusion of this investigation a reply will be made to the Communists, and the findings will be included in the appropriate United Nations Command report.

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"Voice of United Nations Command" broadcasts continued to give warnings of impending air attacks against military targets in North Korea, advising civilians in the vicinity of these targets to evacuate their families to safety.

The historical shortage of trained medical personnel ministering to the needs of the people of the Republic of Korea is currently aggravated by the heavy demands placed on the native physicians by the current situation. Assistance of incalculable value to the civilian population is being given by two complete non-military hospital units, one staffed and operated by the Italian Red Cross and the other by a group from Sweden.

Calendar of Meetings¹

Adjourned during June 1953

OEEC (Organization for European Economic Cooperation): Conference on European Inland Transport.	Paris	Mar. 18-June 17
U. N. (United Nations):		
Commission on Human Rights: 9th Session	Geneva	Apr. 7-June 1
International Conference To Adopt a Protocol on Limitation of the Production of Opium.	New York	May 11-June 19
Economic Commission for Europe: 3d Regional Meeting of European Statisticians.	Geneva	June 15-20
ITU (International Telecommunication Union):		
Administrative Council: 8th Session	Geneva	May 2-June 1
International Telegraph Consultative Committee: 7th Plenary Assembly.	Arnhem	May 26-June 13
FAO (Food and Agriculture Organization):		
Latin American Seminar on Land Problems	São Paulo	May 25-June 26
Committee on Commodity Problems: 21st Session	Rome	June 3-11
17th Session of the Council	Rome	June 15-26
International Chestnut Commission	Spain and Portugal	June 18-30
WHO (World Health Organization):		
Executive Board: 12th Session	Geneva	May 26-June 6
ILO (International Labor Organization):		
Governing Body: 122d Session	Geneva	May 26-June 1
Annual Conference: 36th Session	Geneva	June 4-27
Meeting of Directing Council of the American International Institute for the Protection of Childhood.	Montevideo	June 2 (1 day)
Ad Hoc Committee on Quarantine Regulations (South Pacific Commission).	Nouméa	June 8 (1 day)
UNESCO (United Nations Educational, Scientific and Cultural Organization): Executive Board: 34th Session.	Paris	June 8-17
Eighth Pan American Railway Congress	Washington and Atlantic City.	June 12-25
Pan American Highway Congress, Provisional Committee	Washington	June 15-18
International Tin Study Group, Working Party	Brussels	June 15-27
13th International Dairy Congress and International Dairy Exposition.	The Hague	June 22-26
International Whaling Commission, 5th Annual Meeting	London	June 22-30*
International Commission for Criminal Investigation: 22d General Assembly.	Oslo	June 24-29

In Session as of June 30, 1953

International Materials Conference	Washington	Feb. 26, 1951-
UNESCO (United Nations Educational, Scientific and Cultural Organization): International Conference on the Role and Place of Music in Education.	Brussels	June 29-
Horticultural Congress and Exposition	Hamburg	May-Oct.
U. N. (United Nations):		
International Law Commission: 5th Session	Geneva	June 1-
Trusteeship Council: 12th Session	New York	June 16-
16th Session of the Economic and Social Council	Geneva	June 30-
ICAO (International Civil Aviation Organization): Assembly: 7th Session.	Brighton (England)	June 16-
Agricultural Industries— International Commission for Unification of Methods of Sugar Analysis.	Paris	June 22-
Aeronautical Exposition, 20th International	Paris	June 26-

¹ Prepared in the Division of International Conferences, Department of State, June 30, 1953. Asterisks indicate tentative dates.

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Calendar of Meetings—Continued

In Session as of June 30, 1953—Continued

International Commission for Agricultural Industries: General Assembly.	Paris	June 29-
Icsu (International Council of Scientific Unions): Committee on the International Geophysical Year 1957-1958.	Brussels	June 30-

Scheduled July 1-September 30, 1953

UNESCO (United Nations Educational, Scientific and Cultural Organization):		
General Conference: 2d Extraordinary Session	Paris	July 1-
Working Party on International Advisory Committee on Scientific Research.	Paris	July 6-
International Center for Workers Education	Compiègne	July 11-
International Seminar on Teaching of Modern Languages	Nuwar Eliya	Aug. 3-
IUPAP (International Union of Pure and Applied Physics): Commission on Cosmic Rays.	Bagnères-de-Bigorre	July 5-
16th International Conference on Public Education	Geneva	July 6-
Icsu (International Council of Scientific Unions):		
Executive Board: 5th Meeting	Strasbourg	July 6-
Joint Commission on High Altitude Research Stations	Boulder	Aug. 22-
ICAO (International Civil Aviation Organization):		
3d Conference on North Atlantic Ocean Weather Stations	Brighton	July 8-
Legal Committee: 9th Session	Rio de Janeiro	Aug. 25-
U.N. (United Nations):		
Technical Assistance Committee Working Party	Geneva	July 8-*
International Sugar Conference	London	July 13-
Technical Assistance Committee	Geneva	July 15-*
Ad Hoc Committee on Factors (Non-Self-Governing Territories)	New York	July 21-
Committee on International Criminal Jurisdiction	New York	July 27-
Conference on Non-Governmental Organizations Interested in Migration: 4th Session.	Geneva	Aug. 10-
Committee on Information from Non-Self-Governing Territories: 4th Session.	New York	Aug. 18-
Special Committee on the Question of Defining Aggression	New York	Aug. 24-
ECAFE Subcommittee on Iron and Steel	Bangkok	Aug. 31-
International Workshop on Budgetary Classification and Management.	México, D. F	Sept. 3-
ECAFE Working Party on Financing Economic Development in Asia.	Bangkok	Sept. 7-
ECAFE Highway Subcommittee: 2d Session	Bangkok	Sept. 14-
General Assembly: 8th Session	New York	Sept. 15-
ECAFE Working Party on Small Scale Industries and Handicrafts Marketing: 3d Meeting.	Bangkok	Sept. 21-
International Children's Emergency Fund: Executive Board and Program Committee.	New York	Sept.
FAO (Food and Agriculture Organization):		
Regional Meeting in Asia and the Far East	Bangalore	July 27-
Regional Meeting in the Near East	Alexandria or Cairo	Sept. 1-
Working Party on Rice Breeding: 4th Meeting	Bangkok	Sept. 21-
Working Party on Fertilizers: 3d Meeting	Bangkok	Sept. 21-
Joint FAO/ECE Timber Committee	Rome	Sept. 28-
Home Economics, Training Center for Caribbean Region	Puerto Rico	Sept.
Fourth International Astronautical Congress	Zürich	Aug. 3-
WMO (World Meteorological Organization):		
Regional Association for North and Central America: 1st Session.	Toronto	Aug. 3-
Commission for Aerology: 1st Session	Toronto	Aug. 10-
Commission for Instruments and Methods of Observation: 1st Session.	Toronto	Aug. 10-
Regional Association for South America	Rio de Janeiro	Sept. 15-
14th International Congress of Zoology	Copenhagen	Aug. 5-
15th International Veterinary Congress	Stockholm	Aug. 9-
14th International Exhibition of Cinematographic Art	Venice	Aug. 11-
Eighth International Congress on Home Economics	Edinburgh	Aug. 12-
Silent Games (Deaf Mutes), 7th International	Brussels	Aug. 15-
Third International Conference on Soil Mechanics and Foundation Engineering.	Nice	Aug. 16-
International Union of Biological Sciences: 11th General Assembly	Cambridge & Windermere	Aug. 17-
12th Congress of the International Association of Limnology	Bellagio	Aug. 20-
Ninth International Congress of Genetics	Geneva & Aix-les-Bains	Aug. 24-
Eighth International Congress on Rheumatic Diseases	Istanbul	Aug. 24-
Fifth International Congress on Tropical Medicine and Malaria	Minneapolis	Aug. 28-
International Association for Hydraulic Research	Rome & Pisa	Aug. 30-
Fourth International Congress of the International Association on Quaternary Research.		Aug. 30-

Calendar of Meetings—Continued

Scheduled July 1-September 30, 1953—Continued

Inter-American Commission of Women: 9th General Assembly	Asunción	Aug. —
Third International Biometric Conference	Bellagio	Sept. 1—
ITU (International Telecommunication Union): International Radio Consultative Committee: 7th Plenary Meeting	London	Sept. 2—
International Institute of Administrative Sciences: 9th International Congress	Istanbul	Sept. 6—
Sixth International Congress for Microbiology	Rome	Sept. 6—
International Statistical Institute: 28th Session	Rome	Sept. 6—
International Bank for Reconstruction and Development and International Monetary Fund: 8th Annual Meeting of Boards of Governors	Washington	Sept. 9—
Seventh International Congress on Vineyards and Wine	Rome	Sept. 12—
<i>Ad Hoc</i> Committee for the Study of the Low-Cost Housing Problem (IA-Ecosoc)	Washington	Sept. 14—
ILO (International Labor Organization): Asian Regional Conference: 2d Session	Tokyo	Sept. 14—
Permanent International Association of Navigation Congresses: 18th Congress	Rome	Sept. 14—
International Conference on Theoretical Physics	Kyoto and Tokyo	Sept. 15—
GATT (General Agreement on Tariffs and Trade): 8th Session of the Contracting Parties	Geneva	Sept. 17—
Third Congress of the International Union of Architects	Lisbon	Sept. 21—
International Exhibition and Fair at Jerusalem ("Conquest of the Desert")	Jerusalem	Sept. 22—
Consultative Committee on Economic Development of South and Southeast Asia (Colombo Plan)	India	Sept. 23—

IMC Announces Distribution of Primary Nickel

The Manganese-Nickel-Cobalt Committee of the International Materials Conference on June 28 announced acceptance by member governments of a third-quarter 1953 plan of distribution for primary nickel and oxides. The recommended plan has been forwarded to all interested governments for implementation.¹

In this plan, as in all those which have been recommended by the Committee since the third quarter of 1952, provision has been made whereby any nickel allocated to countries participating in the distribution, but not used by them, will become available for purchase by consumers in the United States and in other countries.

The quantity of primary nickel which is allocated under the recommended plan amounts to 36,315 metric tons. The comparable figure in the second quarter was 36,675 metric tons. The decline in the availabilities does not arise from a decrease in production, which is estimated at 124 tons more for the third quarter than for the second

quarter, but from the fact that second quarter availabilities included greater "carryovers" of production from previous quarters. Such carryovers represent the nickel which, in previous periods, was produced in excess of the estimates used in allocation plans.

Although the amount of nickel available for distribution in the third quarter is lower than in the second quarter, it has been possible to maintain the allocations of most countries at or near their second quarter level.

New Caledonian fonte (nickel cast iron), the production of which has increased considerably, has been excluded from the third quarter allocation. The Committee has not been able to formulate a definite distribution for this material, mainly because it is not entirely interchangeable with refined nickel. As in the previous quarter, Japanese nickel available for export has also been excluded from this allocation.

The countries represented on the Manganese-Nickel-Cobalt Committee are Belgium (for Benelux), Brazil, Canada, Cuba, France, the Federal Republic of Germany, India, Italy, Japan, Norway, Sweden, the Union of South Africa, the United Kingdom, and the United States.

¹ For distribution plan, see IMC press release of June 26.

U.S. Delegations To International Conferences

General Conference of UNESCO

The Department of State announced on July 1 (press release 352) that the second extraordinary session of the General Conference of the United Nations Educational, Scientific and Cultural Organization (UNESCO) would convene at Paris, on that day, for the primary purpose of electing a new Director General for UNESCO. The U.S. Government will be represented at the meeting by the following delegation:

U.S. Representative

Irving Salomon, Escondido, Calif., *Chairman*

Alternate U.S. Representative

Elizabeth E. Heffelfinger, Wayzata, Minn.

Advisers

Luther Evans, Librarian of Congress

Carol C. Laise, Division of International Administration, Department of State

Walter Laves, Chairman, U.S. National Commission for UNESCO

Max McCullough, Director, UNESCO Relations Staff, Department of State

Robert S. Smith, Assistant Attaché, American Embassy, Paris

Charles Thomson, Counselor of Embassy for UNESCO Affairs, American Embassy, Paris

Thomas E. Street, Office of Foreign Agricultural Service, Department of Agriculture, and Secretary, U.S. FAO Interagency Committee
Johanna von Goeckingk, Division of International Administration, Department of State
William H. Wynne, Office of International Finance, Department of the Treasury

Secretary of Delegation

Henry F. Nichol, Conference Attaché, U.S. Resident Delegation to International Organizations, Geneva

Administrative Officer

Mason A. LaSelle, Assistant Conference Attaché, U.S. Resident Delegation to International Organizations, Geneva

Press and Public Information Officer

J. Howard Garnish, Public Affairs Officer, American Consulate General, Geneva

Reports Officer

Frederick D. Vreeland, American Consulate General, Geneva

Documents Officer

John Jason, U.S. Resident Delegation to International Organizations, Geneva

Conference on Public Education (UNESCO)

The Department of State announced on July 1 (press release 348) that the 16th International Conference on Public Education will be held under the sponsorship of the U.N. Educational, Scientific and Cultural Organization (UNESCO) and the International Bureau of Education at Geneva, Switzerland, July 8-15. The U.S. delegation at this conference will be as follows:

Earl Armstrong, chief, Division of Teacher Education and acting head of the Division of Higher Education of the Office of Education, Department of Health, Education and Welfare; *chairman*

George W. Diemer, president, Central Missouri State College, Warrensburg, Mo.; also member, U.S. National Commission for UNESCO

Anne Maloney, grade school teacher, Gary, Ind.; also member, American Federation of Teachers

The major topic for discussion at the conference will be the training and status of primary teachers, together with brief reports on the progress of education during the year 1952-53, presented by Ministries of Education. Study of these questions forms part of UNESCO's long-term program for the gradual application of the principle of free and compulsory education, in which teacher-training is an important factor.

THE DEPARTMENT

Transfer of Division of Publications

Department Circular No. 35 dated June 26

1. Effective July 1, 1953, the Division of Publications (PB) is transferred from the Office of Public Affairs (PA) to the Office of Operating Facilities (OOF). Included in the transfer are all functions, supplies, funds, and equipment of the Division of Publications except as provided in paragraph 3.

¹ See press release 322 dated June 16 for information regarding the nomination of Mr. Baker.

2. The names and positions of personnel to be transferred, together with the effective date of such transfers, will be prepared in accordance with the provisions of 1 RP 353.5.

3. The functions, supplies, equipment, funds, and personnel of the Program and Special Writing Branch, Division of Publications, are not included in the transfer. This unit will remain under the jurisdiction of the Office of Public Affairs until further notice.¹

4. The mail and routing symbol for the Division of Publications, Office of Operating Facilities, will continue to be PB.

disseminate abroad information about the United States, its people, and policies promulgated by the Congress, the President, the Secretary of State and other responsible officials of Government having to do with matters affecting foreign affairs.

The Administration itself is a semi-autonomous agency and the Executive Branch of the present government has, since it took office, contemplated that it should become an independent agency. Under the reorganization plan now pending before the Congress, this will occur on July 30, 1953.²

However, pending such complete legal separation, I felt an obligation to act to correct what seemed to me abuses which had developed. The overseas book program, I had reason to believe, was disseminating information which could not with any reasonable interpretation fall within the Congressional mandate. In particular I wanted to make sure that it would not disseminate information which might advance the cause of Soviet Communism.

On February 24, 1953, with the President's approval, I appointed Dr. Robert L. Johnson to become Director of the International Information Administration, and on March 17, 1953, I advised him that I did not think that the IIA should make the works of Communist authors a part of its foreign libraries or subscribe to periodicals which are receptive to international Communist propaganda. My memorandum to Dr. Johnson concluded "if you find these ideas acceptable, I must rely on you to translate them into what is an appropriate and practicable 'working level' directive". I have not since personally intervened in this matter.

Dr. Johnson did find the above guidance from me acceptable and, I am informed, issued one or more directives designed to reflect it at the working level. These directives, however, seem to have been interpreted and applied in different ways in different overseas libraries, with some results of which I, and I am confident Dr. Johnson, cannot approve.

Dr. Johnson tells me that he and his advisers and staff have recently been conducting a review of the situation with a view to seeking a more practicable "working level" directive.

Sincerely yours,

JOHN FOSTER DULLES

Memorandum to Mr. Johnson

MARCH 17, 1953

SUBJECT: *Directives to the IIA concerning use of material by Communist Authors*

I have your memorandum of March 5.³ The Secretary's decision is as follows:

1. Material by Communists or their agents or

¹ The Department's principal periodicals—the BULLETIN, Field Reporter, and Foreign Policy Briefs—are produced in the Special Writing Branch and will remain under the jurisdiction of the Office of Public Affairs.

² Not printed here.

³ For text of the reorganization plan, see BULLETIN of June 15, 1953, p. 854.

⁴ Not printed here.

sympathizers should only be used with great care and when responsible persons judge them to be an effective way—and the uniquely effective way—to confound international Communism with its own words, to expose its fallacies and refute its doctrines.

2. Our policy is not to identify by name any living international Communist unless necessary. This must not be carried to the point of absurdity in straight news but even here a conscious effort not to build up our living opponents by naming them should be made. As often as possible, writings or statements of living persons can be ascribed to such anonymity as "a leading international communist or Stalinist". Skillful use of this treatment in commentary and in our anti-Communist publications can be especially effective.

Our press and radio have in the past built Soviet personalities to such an extent that whatever they do or say commands widespread attention. I believe we should replace individual build-ups with anonymity to those hostile to us.

3. Responsible U.S. periodicals of program value may be included in USIS overseas libraries. However, the Mission should withdraw any individual issues containing any material detrimental to U.S. objectives. Periodicals which are receptive to international Communist propaganda have no place in the program and cannot be used.

4. I do not think we should make the works of Communist authors a part of our public libraries.

5. If you find these ideas acceptable, I must rely on you to translate them into what is an appropriate and practicable "working-level" directive.

For the Secretary of State:

CARL W. McCARDLE,
Assistant Secretary [for Public Affairs]

Statement by Mr. Johnson

Existing instructions which require elimination from U.S. libraries abroad of books by authors who are Communists, or follow the Communist line, or participate in Communist-front organizations, have led to confusion in the field as to interpretation.

In keeping with the American principle that the individual is innocent until proven guilty, it has been virtually impossible to define who is and who is not a Communist. We have not been able to furnish our field staff with a complete list of authors whose works are to be excluded. We have only been able to specify certain authors who either are avowed Communists or have publicly refused to answer questions regarding possible Communist affiliations. Such refusal to answer questions has created a public impression regarding these authors which, whether justified or not,

raises serious doubts as to whether their works contribute to the purposes of the program.

Beyond this limited list, our people in the field have had to use their own judgment as to what works should be excluded. Some of them, in a natural desire to play it safe, have removed from libraries works which were never intended to be covered by the instructions. Others have taken the occasion to do a general weeding out of little-used or out-of-date books or others which they felt were not compatible with the objectives of the program entirely aside from the purpose of the instructions.

Actually, a substantial number of the books eliminated in the course of this review was never specifically acquired for the purposes of the U.S. information program but was included in collections which were taken over from sources outside of the program.

We are preparing clarifying instructions which will base the decision as to inclusion or exclusion of a book upon the effect reasonably to be expected from its presence in a Government-sponsored library abroad. In other words, the essential question will be whether distribution of the book will further the purposes of the program.

When the revised instructions have been sent out the substance of them will be made public.

Termination Date for International Claims Commissioners

The Department of State on June 26 announced (press release 341) that the President on that date had fixed the terms of office of Josiah Marvel, Jr., and Raymond S. McKeough, chairman and member, respectively, of the International Claims Commission of the United States, as terminating June 30, 1953. The Commission was established in the Department of State by an act approved March 10, 1950, and the Commissioners were appointed by President Truman in the summer of 1950.

The act establishing the Commission provided for a deduction of 3 percent from claims funds, to be covered into the Treasury, as reimbursement for expenses incurred by the United States in financing the operations of the Commission. It was made clear in the Congress that appropriations to defray the expenses of the Commission would be limited to the total of the amounts deductible. The total amounts deductible, with respect to claims now within the jurisdiction of the Commission, would be approximately \$500,000 and the Congress has already appropriated approximately that amount.

The Truman administration sent to the 82d Congress (2d sess.) draft legislation designed to increase the deductions from 3 percent to 6 percent, but the Congress did not enact it. When the Truman administration submitted its budget in the fall of 1952, it did not include a budget estimate for the Commission, and on December 29, 1952 that administration "suggested" that the Commissioners tender their "letter of resignation on or before January 7, 1953." The suggestion was ignored by Messrs. Marvel and McKeough.

When the present administration took office, it found that very little had been accomplished by the Commiss-

sioners in the elapsed 34 months of the 48-month period fixed by law for completing the task, and it concluded that in the light of the past record the present organization could not complete its work in the ensuing 14 months. It was ascertained that in the elapsed 39 months of the 48-month period the Commission had entered 132 awards, or proposed awards, in the total amount of some \$740,000 as against expenses of some \$500,000. Some 1,000 claims have not yet been passed upon. In order to expedite the settlement of claims, and decrease expenses the State Department prepared, for transmission to Congress if approved by the Bureau of the Budget, draft legislation reorganizing the Commission. This administration also transmitted to the Congress draft legislation to authorize an increase from 3 percent to 5 percent in the amount of deductions. It also prepared and submitted to the Congress a budget estimate to defray the expenses of the Commission for the coming fiscal year.

In view of the contemplated reorganization of the Commission and since no appropriated funds will be available for payment of salaries after June 30, the Department of State recommended to the President that he fix June 30 as the termination date of the terms of office of Commissioners Marvel and McKeough, who had ignored the written suggestion of the Truman administration and the oral request of this administration that they submit their resignations. As authorized by the basic act, the Department has recommended that the President designate acting members to serve pending the completion of the reorganization plan or until appropriated funds are available to defray expenses.

It is the view of the Department of State that nothing which has transpired in any way jeopardizes the existing funds received from any foreign government for the payment of claims of American citizens against those governments.

Resignation of William Harlan Hale

The Department of State on June 26 announced (press release 342) that William Harlan Hale, Public Affairs Officer of the American Embassy in Austria, had expressed his desire to return to the profession of journalist and historian which he left in 1950 at the suggestion of former Assistant Secretary of State for Public Affairs Edward Barrett. He intended to serve in Vienna for 2 years.

In his letter, dated June 4, Mr. Hale pointed out that he had now served almost 3 years and desired to return to his profession.

Robert L. Johnson, Administrator of the Department's International Information Administration, replied to Mr. Hale on June 26, mentioning the high regard in which C. D. Jackson¹ and others held Hale's work in Austria.

U.S. Ambassador and High Commissioner to Austria Llewellyn Thompson, presently in Washington on consultation, had the following comment on Mr. Hale's resignation:

"I have known of Mr. Hale's desire to return to his profession for some time. I regret very much that he is leaving the High Commission. I consider that he has done an outstanding job in Austria."

Appointment

Charles Robert Burrows as Director of the Office of Middle American Affairs, Bureau of Inter-American Affairs, effective July 2. He succeeds Roy Richard Rubottom, Jr., who has been assigned as commercial attaché to the U.S. Embassy in Spain.

¹ Special Assistant to President Eisenhower.

Use of Surplus Agricultural Commodities for Emergency Aid

Message of the President to the Congress¹

Because of the great productivity of our farms, the people of the United States have been able, on several occasions in recent years, to come to the aid of friendly countries faced with famine. In 1951 agricultural supplies were provided to India, and only recently wheat has been made available to the people of Pakistan. In both instances we were able to provide assistance in meeting famine or other urgent relief requirements by using stocks of commodities held by the Commodity Credit Corporation. On each of these occasions the Congress has been forced to add consideration of these emergency programs to its very heavy workload. This procedure not only adds to the Congressional burden but also slows the speed with which this Government can come to the assistance of a nation urgently needing relief.

I therefore believe it advisable to have general legislation which, within appropriate limitations, would permit the President to meet these situations. The legislation I am requesting would give the President the authority to utilize agricultural commodities held by this Government, but it would limit that authority to meet only the occasional needs arising from famine or other urgent relief requirements.

The objectives of such a program are not to be confused with the principal objective of our Mutual Security Program. The Mutual Security Program aims at promoting the long-range security of the United States by assisting our friends to strengthen their long-range economic and defensive capabilities. The program I am now proposing aims at mitigating the hard blows of unusual and urgent emergencies.

Since we cannot adequately foresee the specific needs to be met under the legislation I am requesting, we cannot now determine the most effective and equitable conditions under which such assistance may be rendered in a particular situation. Consequently, I am requesting authority to establish, when the need arises, the terms and conditions under which these agricultural commodities shall be made available.

In order that there may be a minimum of delay in assisting nations stricken with famine or having other urgent relief requirements, I am requesting that the Commodity Credit Corporation be given authority to make available from its stocks the necessary agricultural commodities to meet these emergency needs. To prevent impairment of the operations of the Commodity Credit Corporation, and to permit necessary budgetary adjustments, I am recommending an authorization to reimburse

¹ H. doc. 202, 83d Cong., 1st sess.

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the Commodity Credit Corporation to the extent of its investment in commodities furnished by it, plus any other costs, including interest, which it may incur in carrying out programs authorized under this act. When the costs of any programs carried out under terms of this act can be ascertained, the Congress will be asked to appropriate the necessary funds to reimburse the Commodity Credit Corporation. I further propose that the authority to undertake programs of famine and other urgent relief assistance under this legislation expire on June 30, 1955.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,
June 30, 1953

Support for Ratification of Wheat Agreement

*Statement by Samuel C. Waugh
Assistant Secretary for Economic Affairs¹*

As Assistant Secretary of State for Economic Affairs, I am appearing before this committee in support of Senate consent to ratification of the International Wheat Agreement. The new agreement is an effective method of marketing surplus wheat abroad while preserving stability in world wheat markets for the benefit of both surplus and deficit countries. It involves a minimum of interference with private trade. The alternative to this agreement could well be disorderly and inefficient competition between friendly governments in their search for outlets for their export surpluses or assured sources of supply.

The extent of State Department participation in the negotiation of the terms of the agreement should be made clear. The Department has, of course, an interest in seeing that any international agreement promotes our foreign policy. In the negotiations themselves, the function of the Department of State was essentially the contribution of its experience in international negotiations and its legal advice on the form of the treaty and its administrative provisions. It is not the responsibility of the Department of State to determine the level of prices and quantities established in the agreement. These decisions were made by the Department of Agriculture with the advice of the wheat and flour trade, wheat producers, farm organizations, and the congressional advisory group.

It is recognized by the overwhelming majority of exporting and importing countries alike that

some agreement to provide for international marketing cooperation in wheat is necessary and desirable at this time. An agreement is necessary because of the peculiar characteristics of the wheat trade. The United States has a price-support program. Every major producing country has some method of insulating its wheat farmers against widely fluctuating prices. Wheat is so vital a commodity to importing countries that few of them are willing to leave their wheat supplies to chance.

The result is that nearly all governments make decisions that affect the wheat markets. Acting alone, without knowledge of the needs and plans of others, governments may work at cross-purposes. They may cancel out one another's efforts, aggravating the problems and giving rise to a need for more, not less, government intervention in wheat.

One of the accomplishments of the drafters of the wheat agreement is the extent to which they have succeeded in keeping interference with normal trade to a minimum. The agreement does not prevent competition from determining the difference in value between the various grades of wheat. It does not displace private exporters. And, except at the maximum or minimum price in the agreement, it does not interfere with the free market as a determinant of price. It does not at all restrict trade in wheat outside of the agreement.

The agreement also avoids interference with the internal policies of participating governments. Those governments have certain obligations as to total exports or total imports when the maximum or minimum prices are reached, but the internal methods they use to enable them to meet these obligations are entirely their own affair.

If world wheat trade is carried out without international agreement, there will nevertheless be governmental interference with the trade because the policies and programs of both exporting and importing countries require it. There will be competition, but it may be of the kind we do not want, a competition between governments of friendly countries, under conditions that could lead to bitter rivalry, with damage to all. It was this consideration that led to the new wheat agreement after long and arduous negotiations.

It would be a mistake to look upon this agreement as one intended to benefit any one country or group of countries alone. It is a contract that has no reason to exist unless all parties to it find it better than no contract. The obligations and rights of the importing countries are balanced by the obligations and rights of the exporting countries. True, unforeseen events can result in the terms later proving more advantageous to one side than the other. That is the nature of all contracts. Every country participating in the 1949 agreement went into it knowing it took that chance. But each country was willing to do so because it preferred stability to uncertainty.

¹ Made before the subcommittee of the Senate Foreign Relations Committee on the proposed International Wheat Agreement on June 26 (press release 338). For the announcement of the signing of the agreement on Apr. 13 and a list of signatories, see BULLETIN of May 18, 1953, p. 714.

At the conclusion of the recent negotiations, the delegations of every participant but one signed the agreement. This, Mr. Chairman, constitutes persuasive evidence that the negotiators struck a balance that, insofar as present knowledge permits us to foresee, is fair to both sides and advantageous to all. It is regretted that the one country to abstain was not only the largest single wheat importer in the world but a country with which we maintain such close and friendly ties. It will still be possible for the United Kingdom to participate in the agreement, and it is our hope that it will decide to do so. But we are convinced that the agreement will be advantageous even without Great Britain. After the necessary adjustments, it would still cover about one-half of the world's trade in wheat.

There will presumably be enough wheat available outside the agreement to meet British requirements, though without the same assurance as to

price. And since the British abstention would not reduce the amount of wheat needed by the United Kingdom, exporters would enjoy the same world demand for their wheat, though a larger part of the total would have to be sold at the free-market price.

It is believed that most, if not all, the signatories will ratify the agreement if the United States does so. If the United States, as the world's largest exporter, should fail to ratify, there is little doubt that the agreement would be abandoned.

The Department considers this agreement clearly in the best interests of the United States. It offers an orderly method of insuring an export outlet for a substantial quantity of U.S. wheat. It will serve to eliminate some unnecessary stresses and strains in the field of our foreign economic relations. On behalf of the Department of State, I therefore urge this committee to act favorably at the earliest possible time.

Imports of Certain Dairy and Other Products

A PROCLAMATION¹

WHEREAS, pursuant to section 22 of the Agricultural Adjustment Act, as added by section 31 of the act of August 24, 1935, 49 Stat. 773, reenacted by section 1 of the act of June 3, 1937, 50 Stat. 246, and amended by section 3 of the act of July 3, 1948, 62 Stat. 1248, section 3 of the act of June 28, 1950, 64 Stat. 261, and section 8 (b) of the act of June 16, 1951, Public Law 50, 82d Congress (7 U. S. C. 624), I issued a proclamation on June 8, 1953,² providing that in the event of the expiration on June 30, 1953, of section 104 of the Defense Production Act of 1950, as amended, the products specified in Lists I, II, and III appended to, and made a part of, my proclamation shall, on entry on and after July 1, 1953, be subject to the quantitative limitations and fees set forth in such lists; and

WHEREAS, it now appears that the said proclamation is unduly restrictive in certain respects; and

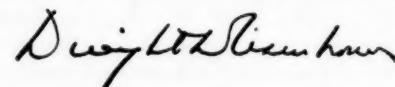
WHEREAS, it also appears that the terms of the said proclamation do not specifically state that certain dairy products are to be covered by one or another description in List I according to the percentage content of butterfat which determines the rate of duty applicable under the Tariff Act of 1930:

NOW, THEREFORE, I, Dwight D. Eisenhower, President of the United States of America, do hereby find and declare that the release on and after July 1, 1953, of those products specified in Lists I and II under the conditions herein

prescribed will not render, or tend to render ineffective or materially interfere with any program or operation of the Department of Agriculture referred to in the said proclamation of June 8, 1953, nor reduce substantially the amount of products processed in the United States from agricultural commodities with respect to which any of such programs or operations are being undertaken. Accordingly, pursuant to the aforesaid section 22, I hereby proclaim that the provisions of the said proclamation of June 8, 1953, shall not apply with respect to articles specified in Lists I and II which may be imported as samples for taking orders for merchandise, or for the personal use of the importer (including articles for disposition by the importer as bona fide gifts), when the aggregate value of such articles in any importation is not over \$10. I hereby further find and declare that a clarifying statement should be added as a footnote to List I in order that the provisions of my original proclamation may be fully understood, and, accordingly, I hereby proclaim that there shall be added as a footnote to List I this statement: "Each enumeration of an article in this list shall include any other article dutiable under the Tariff Act of 1930 as such enumerated article by reason of butterfat content."

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this thirtieth day of June in the year of our Lord nineteen hundred (SEAL) and fifty-three and of the Independence of the United States of America the one hundred and seventy-seventh.



By the President:
JOHN FOSTER DULLES
Secretary of State

¹ No. 3025; 18 *Fed. Reg.* 3815. See also the import regulation issued by the Secretary of Agriculture on June 30, 18 *Fed. Reg.* 3819.

² BULLETIN of June 29, 1953, p. 919.

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*Not printed.

†Held for a later issue of the BULLETIN.

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